

**DEPARTMENTS OF LABOR, HEALTH AND  
HUMAN SERVICES, AND EDUCATION, AND  
RELATED AGENCIES APPROPRIATIONS FOR  
FISCAL YEAR 2014**

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**WEDNESDAY, APRIL 17, 2013**

U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

The subcommittee met at 10:07 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Tom Harkin (chairman) presiding.

Present: Senators Harkin, Reed, Mikulski, Tester, Merkley, Moran, Cochran, Alexander, Johanns, and Boozman.

**DEPARTMENT OF EDUCATION**

**STATEMENT OF ARNE DUNCAN, SECRETARY OF EDUCATION**

**ACCOMPANIED BY THOMAS SKELLY, DIRECTOR, BUDGET SERVICE**

**OPENING STATEMENT OF SENATOR TOM HARKIN**

Senator HARKIN. The Appropriations Subcommittee on Labor, Health and Human Services, and Education will come to order.

I want to first start by welcoming Senator Moran as our new ranking member of this subcommittee. Senator Moran has served on this subcommittee since 2011. I congratulate you on your new position in the most important subcommittee of the Appropriations Committee. And we were just talking. I know we share a real desire to get our appropriations process back on regular order and get a bill through. So I appreciate that and look forward to working with you on this committee.

I'm very disappointed that Congress failed to enact an appropriations bill for this subcommittee last year. The omnibus package that Congress approved last month included five detailed spending bills, but Labor-HHS was put on autopilot for the second time in 3 years.

As I have often said, this is no way to run a Government. We must return to the practice of marking up our appropriations bills, debating them on the Senate floor, having people offer amendments, and debate those and accept them or reject them, and going to conference with our House counterparts.

I think this is especially important for education funding, the subject of our hearing this morning. The President has proposed some provocative ideas in his budget request. They deserve serious

consideration. But none of them will be enacted if Congress fails once again to pass a Labor-HHS bill.

#### PRESCHOOL FOR ALL INITIATIVE

I am especially encouraged by the President's Preschool for All initiative, which would expand high-quality preschool programs to all 4-year-olds from low- and middle-income families. Much of this would be funded on the mandatory side, under the jurisdiction of the Health, Education, Labor, and Pensions (HELP) Committee, whose ranking member, of course, is Senator Alexander, whom I work very closely with on that authorizing committee. But the President has also requested \$750 million in discretionary funds for Preschool Development Grants, which comes through this appropriations subcommittee to help the States get started, predevelopment grants, so to speak.

I think experts agree, and all the data that we have seen confirms, that high-quality pre-kindergarten education is one of the best investments we can make in a student's academic future. So I'm looking forward to hearing more about this proposal.

I am also pleased by the President's request to increase funding to turn around our lowest performing schools, extend the school day and school year, and make college more affordable for the middle class.

#### TITLE I AND INDIVIDUALS WITH DISABILITIES EDUCATION ACT FUNDING

At the same time, I would have liked to see a higher priority on title I and Individuals with Disabilities Education Act (IDEA) Part B State grants. These are the two cornerstones of Federal support for public education. They're basically flat-funded in the President's budget. And I would have hoped that in the \$3.2 billion increase that the President asked for that we would have had some more money directed to title I and IDEA.

But overall, I believe the budget shows that the President understands the importance of education to our Nation's future. So I think it is a good starting point.

I might also add that the best proof that the President cares very deeply about education is that he is keeping Secretary Duncan on for a second term. So, Mr. Secretary, I look forward to another 4 years of your outstanding leadership at the Department of Education.

And before we hear from the Secretary, I yield to Senator Moran for his opening remarks.

#### STATEMENT OF SENATOR JERRY MORAN

Senator MORAN. Mr. Chairman, thank you very much. Thank you for the welcome. I, too, look forward to working with you, and I think my Republican colleagues are very interested in returning to so-called regular order, something that has never been regular since the time I have been in the United States Senate. We would welcome the opportunity to move each of the bills through the committee—through the subcommittee and through the committee and through the Senate.

I appreciate the relationship that you and I have. You would not, I would think, remember this, but I do. And at some point in time, I may pull out the note that you wrote me——

Senator HARKIN. Uh-oh. Uh-oh.

Senator MORAN [continuing]. During the 2000 farm bill. We were here in this building having a conference on the farm bill, and I expressed an opinion, perhaps voted a certain way. You got up from one side of the table and come over to my side of the table and hand me a note that says, “Jerry, you have made a friend for life.”

And so at some point in time, when it’s particularly useful, I will——

Senator HARKIN. I’m putting my hand on my wallet right now.

Senator MORAN. I will redeem that note.

So I look forward to being an ally as we try to develop a prudent and fiscal response to our country’s needs in regard to health and education and labor.

And Mr. Duncan, Secretary Duncan, thank you very much for being here. You and I have had several conversations over the years, and I appreciate the nature and the outcome of those conversations. I look forward to working with you in the Department of Education.

We all have a belief that quality education is hugely important for Americans. It is opening doors and creating opportunity. The pursuit of the American dream is something that, in my view, involves the necessity, the desire of a society that understands the value of education.

#### EARLY CHILDHOOD EDUCATION

It does seem to me that the cornerstone for the Department’s fiscal year 2014 budget is the \$75 billion program to improve high-quality early-learning opportunities for preschool-aged children. And I certainly don’t dispute that access to those learning experiences is critical for young children. It is important. I’ve been a long-time supporter of Head Start, for example. And it’s important that Federal funding to improve the delivery of those preschool programs is coordinated and directed toward improving the quality of the programs for children who are most in need.

#### PRESCHOOL DEVELOPMENT GRANTS

My home State of Kansas would benefit from funding for early-childhood education and preschool services. But in the past, no Federal funds have been awarded under the Race to the Top: Early Learning Challenge program. In fact, only a few States have benefited. And it would be discouraging if the administration’s new discretionary request for preschool development grants prioritizes funding for States that have a more robust State-funded preschool program and not support those that need to develop that robust program. We need to make certain that early-childhood programs are available across the country.

## FEDERAL EDUCATION K-12 FORMULA GRANT PROGRAMS

In the same respect, I'm concerned that the fiscal year 2014 budget signals a weakening of the Federal commitment to formula grant programs that are the primary source of Federal education. Chairman Harkin mentioned this in his opening comments. Of the \$3.1 billion increase in the Department's budget, no resources are directed to increase funding for title I or special education or Impact Aid above the fiscal year 2012 levels.

## RACE TO THE TOP: COLLEGE AFFORDABILITY AND COMPLETION

Instead of increasing funding for the key formula K-12 programs above the fiscal year 2012 levels, or even continuing support for past Race to the Top: State, District, and Early Learning competitions, the administration chose to fund a new, unauthorized \$1 billion program called Race to the Top: College Affordability and Completion. This new competition would be the fourth component of Race to the Top, which to date has yet to demonstrate proven results that can be replicated and sustainable once funding is exhausted.

The Department argues that the Race to the Top: College Affordability initiative will award funds to States with strong records of college affordability and quality, but only loosely outlines those parameters that will be required to meet those thresholds.

I appreciate that every administration has the ability to request funding as they see fit. The Department of Education's budget request would invest heavily in new programs, many of them competitive not only on the discretionary side, but also on the mandatory side.

## MANDATORY FUNDING IN FISCAL YEAR 2014 REQUEST

Beyond the Department's request for \$75 billion in new mandatory funding for universal pre-kindergarten, the Department requests \$21.7 billion in new mandatory funding efforts to support teacher stabilization and preparation, as well as new job-training initiatives. To put this request in perspective, \$21.7 billion is equivalent to nearly one-third of the size of the budget of the Department of Education.

We must ensure that our Nation's children are afforded every educational opportunity; however, just as critical is to ensure that they are not burdened by the national debt due to increased spending. Debt that is created today disadvantages future generations by creating a weaker economy and fewer job opportunities upon graduation. We need to make sure we have a highly educated population that can help us grow the economy and provide the necessary resources for funding of education and other important Government priorities.

I thank you, Mr. Chairman.

Senator HARKIN. Thank you, Senator Moran.

This is Secretary Duncan's fifth appearance before this subcommittee. He became the ninth Secretary of the U.S. Department of Education on January 20, 2009. Before his appointment, Secretary Duncan served as the Chief Executive Officer of the Chicago Public Schools. Before serving in Chicago, he ran the Ariel Edu-

cation Initiative, which covered college costs for a group of inner-city youth, and he was instrumental in starting a new public elementary school, which ranks among the top schools in Chicago.

So again, Secretary Duncan, welcome. We have your statement. And please proceed as you so desire.

#### SUMMARY STATEMENT OF ARNE DUNCAN

Secretary DUNCAN. Thank you so much, and good morning, Mr. Chairman and members of the subcommittee.

#### GUN VIOLENCE AND SCHOOL SAFETY

This is not in my statement, but I just want to say quickly, as a parent, you guys are facing, I think, a really important vote possibly this afternoon on—to make it harder for a criminal to get access to a gun. And as a parent of two young elementary school-children, this issue has been a very personal one for me for a long time. And I would just urge all of you to look inside your hearts and vote to make it harder for a criminal to have access to a gun. And 90 percent of the American public supports this; 80 percent of gun owners support this; 70 percent of the National Rifle Association (NRA) members support this. The two Senators who are providing leadership on this have historically had an A rating from the NRA. This is the furthest thing from an attack on Second Amendment rights.

But I have to tell you, I've spent a lot of time back home in Chicago dealing with grieving families who have lost their children to gun violence. I've spent a lot of time with families in Newtown, Connecticut, the Sandy Hook community, with those teachers. And if we can do anything to reduce the number of families who have to deal with this absolute devastation, I would urge us to come together and work on that.

I'm also happy to get back to why we're here today. I'm happy that the President's 2014 budget has been submitted to Congress. I look forward to discussing President Obama's priorities for our Department of Education. The President's budget demonstrates that we can make absolutely critical investments to strengthen the middle class, create jobs, and grow the economy, while still continuing to cut the deficit in a balanced way.

#### PROGRESS DURING PRESIDENT OBAMA'S FIRST TERM

The good news in education today is that the investments we've made over the past 4 years are starting to pay off. Our Nation's students made important progress during the President's first term. The on-time high school graduation rate hit its highest level in three decades. And about 700,000 fewer teenagers, high school students, were trapped in what we call "drop-out factories" in 2011 than in 2008. That's a huge step in the right direction.

And instead of dummifying down standards to make politicians look good, almost every State across the country voluntarily and courageously supported raising standards, going to higher standards that will show if students truly are college and career ready. The number of Pell grant recipients increased more than 50 percent. And that represents the biggest expansion of educational op-

portunity in higher education since the GI bill, without going back to taxpayers for a dime.

Because of investments in public education and lots and lots of hard work, millions of Americans today have a better chance of getting a good job, owning their own home, and supporting a family. And I document these improvements in my formal statement, which I submit for the record.

#### U.S. RANKING IN COLLEGE GRADUATION RATES

However, the bad news and, frankly, the brutal truth, is that the urgent need for education reform and improvement absolutely remains. Today, we rank 14th in the world in college graduation rates. Just one generation ago, we led the world. The fact that we have dropped from 1st to 14th—that is no badge of honor.

#### AMERICAN EDUCATION IS FALLING BEHIND

Many of our economic competitors across the globe are making educational progress more rapidly than we are here in the United States. Simply put, they are out-educating us. And that means they will soon be out-competing us.

In the end, I think we all believe that education is more than a set of numbers on the ledger; it is an investment and a statement on what we value. In fact, it's one of the most critical investments in the future that we as a Nation can make. Higher quality education is the surest path to building a thriving and an expanding middle class.

It's also absolutely true that this is a time of real fiscal constraint, real fiscal challenges. But as the President said in his State of the Union, it's also a time to work for a smarter Government. Unfortunately, sequestration is not an example of smarter Government. Frankly, it is dumb, dysfunctional Government. Indiscriminate cuts to education, the military, and other critical public investments are a step backwards. And President Obama's budget would reverse the harmful impacts of sequestration.

You don't see any of our high-performing international competitors de-funding education or driving their innovation agenda via something like sequester. In a knowledge-based, globally competitive economy, our competitors are determined to invest in education and better training for their workforce.

For example, South Korea's investment in education as a percentage of gross domestic product (GDP) increased by nearly a third from 2000 to 2009, while our investment increased by just 6 percent. Education spending as a percentage of GDP rose at more than twice the U.S. rate in many countries, including Australia.

#### EDUCATIONAL RETURN ON INVESTMENT

We should be asking not whether to invest in education, but what are the smartest investments we can make? The question is not "How do we invest in the status quo?" but rather, "How do we invest in a vision of reform and increase student success?" And that's why ROI, return on investment, was a huge factor in developing our 2014 budget request.

The ROI for attending college is absolutely clear. The average college graduate earns \$2.3 million over the course of his or her lifetime, \$1 million more than the average high school graduate. Unfortunately, we all know paying for college is a formidable challenge today for many families.

And that's why the President has proposed a \$1 billion Race to the Top: College Affordability and Completion fund, and a \$260 million First in the World fund, modeled after our i3 program, to encourage innovation, to boost completion rates, and to drive down costs. Our focus on ROI and closing achievement gaps is also a key justification for the President's landmark Preschool for All proposal.

#### PRESCHOOL FOR ALL INITIATIVE

Senator Harkin, you have been a stalwart champion of high-quality early learning for longer than I think I can remember. And I can't thank you enough for your passion and your leadership. For more than two decades, you have promoted the importance of providing access to high-quality early learning. And now, the President of the United States has proposed just such a program. Think what this could mean for our country, for our communities, and for our children if we could get this done before your tenure draws to a close.

Now, contrary to what some members of this committee may have heard, the President's plan would not—let me be clear—would not be a new Federal entitlement program or a new Federal mandate.

Instead, his plan would create a new Federal-State partnership to enable States to provide universal high-quality preschool for 4-year-olds from low- and moderate-income families. States would use Federal funds to create or expand high-quality preschool programs.

Senator, you asked about a State like Kansas. They would absolutely be eligible, and we can get into details in Q&A when that's appropriate.

#### NEED FOR HIGH-QUALITY EARLY CHILDHOOD EDUCATION

For children ages 0 to 3, the President's budget would launch a new Early Head Start child care partnership at HHS and expand the administration's evidence-based home visiting initiative. Health and Human Services, with Secretary Sebelius, has been just a great partner in the Race to the Top: Early Learning Challenge. And our budget request reflects an ongoing commitment to that partnership and continued support of Head Start at HHS.

Today, the urgent need for high-quality preschool is not in dispute. Fewer than 3 in 10—less than 30 percent of 4-year-olds—are enrolled in high-quality preschool programs. And we know that, on average, when children from low-income families start kindergarten, they enter school already 12 to 14 months behind their peers in language development and pre-reading skills.

That deficit represents a staggering opportunity gap that we must close. It makes no sense to me to have so many of our hard-working kindergarten teachers in the catch-up business year after year after year.

The U.S. currently devotes less public spending to early learning as a percentage of GDP than 24 of 29 industrialized countries. Why is that okay for our children? High-quality preschool reduces placements in special education. It reduces grade retention. It boosts graduation rates. It increases the odds of holding a job and decreases crime.

#### RETURN ON INVESTMENT FOR PRESCHOOL PROGRAMS

Rigorous longitudinal studies by Nobel laureate and economist James Heckman found a return of \$7 to every \$1 of public investment in high-quality preschool programs. A longitudinal study in Chicago also found an ROI of \$7 to \$1. That's a better return than any of us typically get in the stock market.

#### BENEFITS OF HIGH-QUALITY PRESCHOOL PROGRAMS

Studies from the past four decades demonstrate that high-quality early learning gives children the foundation and the skills they need to succeed. We know that no study is perfect or fully representative of our Nation's diverse population. But the cumulative evidence that high-quality preschool works is compelling. And let me just quickly mention a few examples.

Four-year-olds who have gone through Tulsa, Oklahoma's high-quality preschool program start kindergarten 7 months ahead in pre-literacy skills and 4 months ahead in math skills. The Tulsa program had small class sizes and well-trained teachers, both features of the President's proposal. Studies of preschoolers in Boston, New Jersey, and Tennessee showed substantial gains in both literacy and math.

Some short-term studies find what's called a "fadeout effect" to learning gains after several years in elementary school. But the fadeout effect is due largely to differences in the quality of preschool and likely to the quality of schooling that follows. That makes sense.

But, by contrast, long-term studies of high-quality preschool education consistently find big returns to high-quality early learning. The non-cognitive benefits are hugely important over the long haul, things like the ability to pay attention, to regulate your behavior, and to demonstrate self-control.

#### STATE AND LOCAL SUPPORT FOR EARLY CHILDHOOD EDUCATION

No one thinks that high-quality early learning is a panacea. We know it must be followed by rich and robust educational opportunities. And it is absolutely a challenge to dramatically expand high-quality preschool. But I'm actually very optimistic, and I take real confidence from the leadership I already see across the country—leadership from both Republican and Democratic Governors.

Twenty-seven Governors, more than half of our Nation's, referenced early learning in their State of the State Addresses this year. I don't know if that's ever happened before. And they're not just talking. They're putting their money where their mouth is. They are walking the walk. States like Oklahoma and Georgia are leading the way in creating universal preschool programs. And numerous States led by GOP Governors, including Alabama and



Michigan, are investing in quality and expanding coverage to more 4-year-olds.

Voters at the local level are also approving sales tax and property tax increases to fund preschool initiatives. Last November, voters in San Antonio, Denver, and St. Paul, Minnesota, all approved tax increases to support preschool programs in their local communities. The President's Preschool for All plan would help ensure that more than a million additional children, regardless of their ZIP Code or family income, are ready for kindergarten and on track to succeed.

In America, education must fulfill its role as the great equalizer. It must be the one force that overcomes differences in race and privilege and national origin. Preschool for All is an essential investment to help our Nation fulfill that American promise of equal opportunity.

#### PREPARED STATEMENT

As Governor Tom Corbett said in his State of the State Address this year, "Why do we want to spend more on these programs? Because every child in Pennsylvania deserves an equal start in life. And I intend to see that promise kept." So, let us invest to bring every child to the same starting line. Let us keep our promises. Help us get our Nation's public schools out of the catch-up business. Help us once and for all to level the playing field. It's time, and our children and our country cannot wait.

Thank you so much, and I'm happy to take your questions.  
[The statement follows:]

#### PREPARED STATEMENT OF ARNE DUNCAN

Good morning, Mr. Chairman and members of the subcommittee. I'm pleased to be here today to talk with you about President Obama's priorities and plans for the Department of Education.

I'm happy we were able to submit the President's 2014 budget to the Congress last week, and to have this opportunity to talk with you today about some of the President's major proposals.

I want to begin by expressing my appreciation to Chairman Harkin and others on this subcommittee for your support over the past 4 years in making critical investments in our schools and our students. I am happy to report today that while we clearly have further to go, those investments are beginning to pay off.

This morning I'll sketch out some important progress made in the President's first term. I will highlight urgent educational challenges that remain, not only for our Nation as a whole but in every congressional district and community in the country. And I will talk about the ROI—the return on investment in education spending—with special emphasis on the President's landmark preschool plan. Finally, I want to close by summarizing a number of other key elements of the President's education 2014 budget.

The big takeaway message here is that education is more than a set of numbers on the ledger line. Education is not just an expense—it's an investment. In fact, it is one of the most critical investments in the future that we, as a Nation, can make. America cannot win the race for the future without investing in education—it's that simple.

Budgets entail value choices. They reflect the aspirations of our citizens and leaders. And I am glad to say that, for the most part, Federal education funding has enjoyed bipartisan support, even in tough times. In America we invest in the future, not just in spite of challenges, but as the means of overcoming them.

Dating back to even before the States ratified the Constitution, the fledgling Continental Congress passed the Land Ordinance of 1785 and the Northwest Ordinance of 1787, granting Federal lands to States to create and support public schools. In my hometown of Chicago, one Federal land grant for schools is now Midway Airport.

In the midst of the Civil War, President Lincoln signed the Morrill Act, creating our Nation's land grant colleges. FDR signed the GI bill during the midst of the epic battle of Normandy, expanding not only the opportunities for returning veterans but those of their children for generations to come.

Fortunately, our Nation is not in the midst of World War II or the Civil War, and we are not in the midst of the Depression. But this is a time of fiscal challenges. And as President Obama said in his State of the Union Address, it is a time to work for "smarter Government." We don't always live up to this goal in Washington. But I've yet to meet a lawmaker who has stated a preference for dumber Government.

Unfortunately, sequestration, with its indiscriminate cuts to education, the military, and other critical public investments, is not an example of Government at its finest.

You won't see our high-performing competitors funding education by sequester. In a knowledge-based, globally competitive economy, our competitors are determined to invest in education. They want to accelerate their progress, not cut back on public education.

South Korea's investment in education, as a percentage of GDP, increased by nearly a third from 2000 to 2009, whereas our investment, as a percentage of GDP, increased by just 6 percent. Education spending as a percentage of GDP rose at more than twice the U.S. rate in many other countries as well during the last decade, including Australia (up 15 percent), Denmark (18 percent), and the Netherlands (21 percent).

Today, the U.S. is one of only four Organization for Economic Co-operation and Development (OECD) countries where students in low-income schools have to cope with higher student-to-teacher ratios than their peers in more advantaged schools.

But the question is not just whether we should continue to invest in education, but how can we make smarter investments in education? How can our education system become more productive? One way to answer these questions is to look at the return on investment in our education policies.

#### PROGRESS DURING PRESIDENT OBAMA'S FIRST TERM

During the President's first term, the administration worked hand-in-hand with the Congress to make critical new investments in education. We launched new programs like Race to the Top and Promise Neighborhoods, redesigned the School Improvement Grants (SIG) program, and dramatically expanded the Pell grant financial aid program for low-income students. All of those efforts expanded educational opportunity and challenged the status quo where it had become unproductive.

In a development that none of the experts foresaw, 46 States, plus the District of Columbia, came together to design and adopt the Common Core standards. For the first time, almost every State is supporting higher standards that show if students are truly college- and career-ready—whether they are from Mississippi or Massachusetts. This was a sharp change from what we saw in the 4 years from 2005 to 2009, when 19 States actually lowered their academic standards for students. We can thank courageous State leadership for stopping this insidious dumming down of standards.

Today, we are starting to see the payoff of those first-term investments and setting higher expectations for our students. In 2010, the on-time high school graduation rate hit its highest level in three decades. In 2008, less than two-thirds of Hispanic students graduated on time from high school. Today, about 3 in 4 Hispanic high school students graduate with their class.

Because the graduation rate of Latino students rose from 2008 to 2011, an additional 164,000 Latino students graduated on time. That is 164,000 people with a better chance of getting a good job, owning their own home, and supporting a family.

On-time graduation rates for African-American students are up, too. In 2008, only about 3 in 5 black students graduated from high school on time. Today, 2 in 3 do so, resulting in an additional 83,000 African-American students graduating on time in 2011.

These gains are due in part to a sharp drop in the number of high school dropout factories—schools where fewer than 60 percent of ninth graders graduate 4 years later. Since 2008, the number of high school dropout factories has dropped by almost 20 percent, from about 1,750 high schools to roughly 1,425 high schools.

For our families, that means nearly 700,000 fewer teenagers are trapped in those high schools today than in 2008. That is a big step in the right direction.

In higher education, we're seeing substantial increases in college enrollment, too, especially for Hispanic students. More than half-a-million additional Hispanic students—about 550,000 in all—are enrolled in college today than were enrolled in

2008. That is 550,000 more people who are getting their shot at the American dream and the opportunity to thrive in a globally competitive world. And overall, the number of Pell grant recipients has increased more than 50 percent, from 6.2 million in 2008 to more than 9 million 3 years later. That is the biggest expansion of educational opportunity in higher education since the GI bill.

In a knowledge-based economy, the ROI (the return on investment) for many of the strategies the administration has pursued is huge. We believe our efforts to support and strengthen the teaching profession through improved teacher evaluation, better professional development, and the RESPECT program will pay large, long-term dividends for our children and our communities.

Economists at Harvard and Columbia have documented that having a good teacher rather than an ineffective one can increase the lifetime earnings of a class of students by over \$260,000. Multiply that by the number of classes a teacher would instruct over the course of her career, and it is clear that even a single good teacher can have a multi-million dollar effect on the economy.

The ROI for attending college is huge, too. Unlike when I and many members of the committee were growing up, there are no good-paying jobs anymore for high school dropouts—and even those with a high school diploma struggle to make a living, with the average high school graduate making \$1.3 million during his or her lifetime, compared to \$2.3 million for the average college graduate.

Our focus on ROI is a key justification for President Obama's groundbreaking preschool proposal.

#### THE THEORY OF ACTION FOR THE PRESIDENT'S PRESCHOOL PLAN

The President's Preschool for All proposal would create a new Federal-State partnership to enable States to provide universal high-quality preschool for 4-year-olds from low- and moderate-income families, up to 200 percent of the poverty line.

Contrary to what you may have heard, the President's plan would not be a new Federal entitlement program. States would use Federal funds to create or expand high-quality preschool programs in partnership with local school-based and community providers. States would provide an increasing match for the program, and every cent of the \$75 billion provided by the Federal Government over the next 10 years would be paid for by increases in taxes on cigarettes and tobacco products.

Our theory of action in expanding high-quality preschool is going to be the same as it was in the first term, with a strong emphasis on supporting and partnering with States, incentivizing innovation, and identifying what works to strengthen education and accelerate achievement. That means that at the Federal level, we should be tight on ends but loose on means. The Department should set a high bar for quality in preschool programs. But it should leave it up to State and local leaders to choose the best means for reaching that bar.

Under the President's plan, States would be required to meet quality benchmarks linked to better outcomes for children—like having high-quality State-level standards for early learning, qualified and well-compensated teachers in all preschool classrooms, and a plan to implement comprehensive assessment and data systems.

The urgent need today for greater access to high-quality preschool for children from low- and moderate-income families is not really in dispute. Fewer than 3 in 10 4-year-olds today are enrolled in high-quality preschool programs. And we know that, on average, children from low-income families start kindergarten 12 to 14 months behind their peers in language development and pre-reading.

I would ask permission to place in the record an article from the April 3rd New York Times that summarizes how the U.S. lags behind other nations in supporting early learning.

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[ARTICLE FROM THE NEW YORK TIMES, BY EDUARDO PORTER, APRIL 2, 2013]

#### INVESTMENTS IN EDUCATION MAY BE MISDIRECTED

James Heckman is one of the nation's top economists studying human development. Thirteen years ago, he shared the Nobel for economics. In February, he stood before the annual meeting of the Nebraska Chamber of Commerce and Industry, showed the assembled business executives a chart, and demolished the United States' entire approach to education.

The chart showed the results of cognitive tests that were first performed in the 1980s on several hundred low-birthweight 3-year-olds, who were then retested at ages 5, 8 and 18. Children of mothers who had graduated from college scored much higher at age 3 than those whose mothers had dropped out of high school, proof of the advantage for young children of living in rich, stimulating environments.

More surprising is that the difference in cognitive performance was just as big at age 18 as it had been at age 3.

"The gap is there before kids walk into kindergarten," Mr. Heckman told me. "School neither increases nor reduces it."

If education is supposed to help redress inequities at birth and improve the lot of disadvantaged children as they grow up, it is not doing its job.

It is not an isolated finding. Another study by Mr. Heckman and Flavio Cunha of the University of Pennsylvania found that the gap in math abilities between rich and poor children was not much different at age 12 than it was at age 6.

The gap is enormous, one of the widest among the 65 countries taking part in the Program for International Student Achievement run by the Organization for Economic Cooperation and Development.

American students from prosperous backgrounds scored on average 110 points higher on reading tests than disadvantaged students, about the same disparity that exists between the average scores in the United States and Tunisia. It is perhaps the main reason income inequality in the United States is passed down the generations at a much higher rate than in most advanced nations.

That's a scandal, considering how much the Government spends on education: about 5.5 percent of the nation's economic output in total, from preschool through college. And it suggests that the angry, worried debate over how to improve the nation's mediocre education—pitting the teachers' unions and the advocates of more money for public schools against the champions of school vouchers and standardized tests—is missing the most important part: infants and toddlers.

Research by Mr. Heckman and others confirms that investment in the early education of disadvantaged children pays extremely high returns down the road. It improves not only their cognitive abilities but also crucial behavioral traits like sociability, motivation and self-esteem.

Studies that have followed children through their adult lives confirm enormous payoffs for these investments, whether measured in improved success in college, higher income or even lower incarceration rates.

The costs of not making these investments are also clear. Julia Isaacs, an expert in child policy at the Urban Institute in Washington, finds that more than half of poor 5-year-olds don't have the math, reading or behavioral skills needed to profitably start kindergarten. If children keep arriving in school with these deficits, no amount of money or teacher evaluations may be enough to improve their lot later in life.

Much attention has focused lately on access to higher education.

A typical worker with a bachelor's degree earns 80 percent more than a high school graduate. That's a premium of more than \$500 a week, a not insubstantial incentive to stay in school. It is bigger than ever before. Yet the growth of college graduation rates has slowed for women and completely stalled for men.

The Economic Report of the President released last month bemoaned how the nation's college completion rate had tumbled down the international rankings, where it now sits in 14th place among O.E.C.D. countries.

The report restated the president's vow to increase the number of college graduates by 50 percent by 2020, and laid out how the Federal Government has spent billions in grants and tax breaks to help ease the effects of rising tuition and fees. Last year the Government spent almost \$40 billion on Pell grants, more than twice as much as when President Obama came to office.

Mr. Heckman's chart suggests that by the time most 5-year-olds from disadvantaged backgrounds reach college age, Pell grants are going to do them little good. "Augmenting family income or reducing college tuition at the stage of the life cycle when a child goes to college does not go far in compensating for low levels of previous investment," Mr. Heckman and Mr. Cunha wrote.

Mr. Heckman and Mr. Cunha estimated that raising high school graduation rates of the most disadvantaged children to 64 percent from 41 percent would cost 35 to 50 percent more if the assistance arrived in their teens rather than before they turned 6.

Erick Hanushek, an expert on the economics of education at Stanford, put it more directly: "We are subsidizing the wrong people and the wrong way."

To its credit, the Obama administration understands the importance of early investments in children. The president has glowingly cited Mr. Heckman's research. In his State of the Union address, the president called for universal preschool education. "Study after study shows that the earlier a child begins learning, the better he or she does down the road," Mr. Obama said at a speech in Decatur, Georgia, in February. But the fresh attention has not translated into money or a shift in priorities. Public spending on higher education is more than three times as large as spending on preschool, according to O.E.C.D. data from 2009. A study by Ms. Isaacs

found that in 2008 Federal and state governments spent somewhat more than \$10,000 per child in kindergarten through 12th grade. By contrast, 3- to 5-year-olds got less than \$5,000 for their education and care. Children under 3 got \$300.

Mr. Heckman's proposals are not without critics. They argue that his conclusions about the stupendous returns to early education are mostly based on a limited number of expensive experiments in the 1960s and 1970s that provided rich early education and care to limited numbers of disadvantaged children. They were much more intensive endeavors than universal preschool. It may be overoptimistic to assume these programs could be ratcheted up effectively to a national scale at a reasonable cost.

Yet the critique appears overly harsh in light of the meager improvements bought by the nation's investments in education today. A study by Mr. Hanushek found that scores in math tests improved only marginally from 1970 to 2000, even after spending per pupil doubled. Scores in reading and science declined.

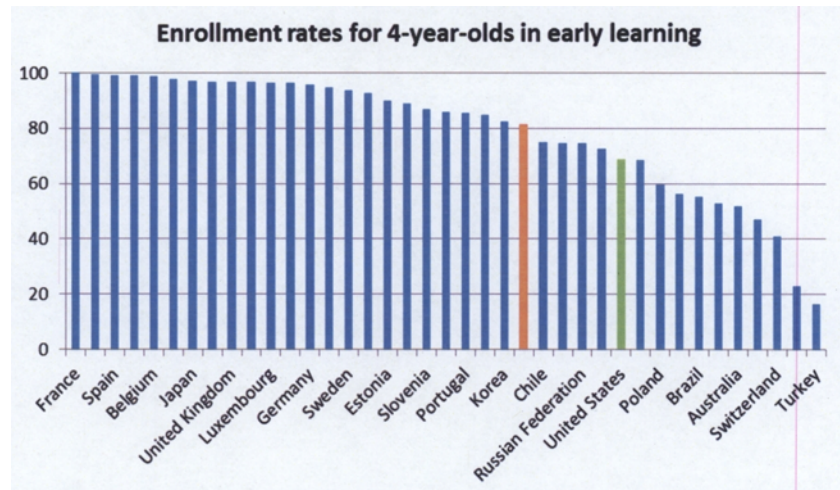
"Early education is an essential piece if we are going to have a better education system," Barbara Bowman, an expert on early childhood education in Chicago who has advised the Education Department. "We're inching in that direction."

Education is always portrayed in the American narrative as the great leveler. But it can't do its job if it leaves so many behind so early.

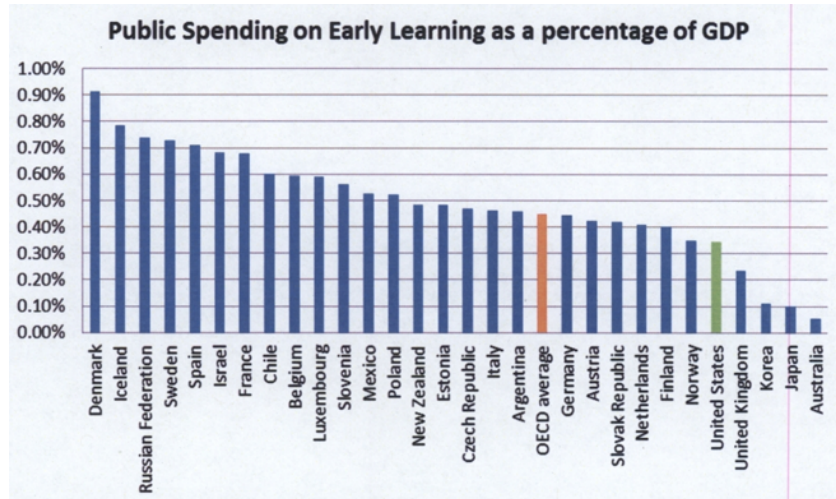
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As the following charts demonstrate, out of 29 industrial nations, the U.S. devotes less public spending to early learning as a percentage of GDP than 24 countries. The Czech Republic and Chile devote more government spending to early learning, as do Iceland and Italy. The United States ranks 28th among OECD nations in our enrollment of 4-year-olds in early learning.

THE UNITED STATES RANKS 28TH IN THE WORLD IN ENROLLMENT



## THE UNITED STATES RANKS 25TH IN PUBLIC FUNDING FOR EARLY LEARNING



## THE RETURN ON INVESTMENT ON HIGH-QUALITY EARLY LEARNING

In an era of tight budgets, it's essential that we ask ourselves, what is the smartest use of our education dollars? The answer, I believe, is that high-quality early learning is the best education investment we can make in our children, our communities, and our country. As President Obama has said, "if you are looking for a good bang for your educational buck," high-quality preschool is the place to look.

In the near-term, high-quality preschool reduces placements in special education. It reduces grade retention. It boosts graduation rates. In the long-term, high-quality preschool both increases the odds of holding a job and decreases crime and teen pregnancy.

Rigorous, longitudinal studies by Nobel laureate James Heckman of the Perry Preschool project found a return of \$7 to every \$1 of public investment in high-quality preschool programs. A longitudinal study of the Chicago Child Parent Centers also found an ROI of 7 to 1. That is a much higher return on Government investment than one would typically get in the stock market.

States like Oklahoma and Georgia know about these data and are leading the way in creating universal preschool programs. In fact, numerous States led by GOP Governors—including Alabama and Michigan—are investing in quality and expanding coverage to more 4-year-olds.

Not only are States investing in high-quality preschool, voters are approving sales tax and property tax increases to fund preschool initiatives. Last November, voters in San Antonio, Denver, and St. Paul, Minnesota, all approved tax increases to support preschool programs in their communities.

Voters and parents understand that in today's global economy, ensuring access to high-quality preschool is not a luxury but a necessity. They understand that investing in high-quality preschool is a win-win proposition, with a big economic return. And they understand that we have to stop playing catch-up in education. We have to level the playing field for young children, so everyone can begin kindergarten at the same starting line.

This is why the centerpiece of President Obama's education budget for fiscal year 2014 is a pair of major new investments in early learning: A \$75 billion mandatory request, over 10 years, to support the Preschool for All initiative; along with a \$750 million discretionary request for Preschool Development Grants.

Preschool for All would create a new Federal-State cost-sharing partnership aimed at making high-quality public preschool available to all 4-year-olds from low- and moderate-income families while also providing incentives for States to serve additional children from middle-class families. The companion Preschool Development Grants proposal would help build State capacity to implement the high-quality preschool programs required by Preschool for All.

## OTHER PRIORITIES IN THE PRESIDENT'S 2014 REQUEST FOR THE DEPARTMENT OF EDUCATION

These preschool proposals are part of an overall request of \$71.2 billion in discretionary appropriations for the Department of Education in fiscal year 2014, an increase of \$3.1 billion, or 4.5 percent, over the fiscal year 2012 level.

In addition to early learning, this request is focused on strengthening K–12 education, making our schools safer and creating positive learning environments, supporting career-readiness for all, improving affordability and quality in postsecondary education, and supporting the administration's Ladders of Opportunity initiative for high-poverty communities.

## STRENGTHENING K–12 EDUCATION

The 2014 request provides essential funding for traditional State formula grant programs that are the foundation of Federal support for State and local efforts to ensure that all students meet college- and career-ready standards, including a \$14.5 billion request for the Title I Grants to Local Educational Agencies program and \$11.6 billion for the Individuals with Disabilities Education Act Grants to States program. At the same time, we would continue our emphasis on creating meaningful incentives to leverage more effective use of Federal education funding in key areas such as putting a great teacher in every classroom and a great leader in every school; building local capacity to support successful school turnarounds; and improving teacher preparation and classroom instruction in science, technology, engineering, and mathematics (STEM).

## REFORMING FEDERAL SUPPORT FOR EFFECTIVE STEM EDUCATION

The administration is proposing a comprehensive reorganization of Federal STEM education programs as part of a Governmentwide realignment that would reorganize or restructure 114 programs across 13 agencies.

Reforming Federal support to support an effective, cohesive national STEM education strategy is a top administration priority. Scientists and engineers are key innovators in our society. They play an essential role in developing new industries and opportunities that create jobs and spur economic growth. Our Nation depends on an innovation economy, and America's capacity to build and create should never be limited by a shortage of talent in the STEM fields.

At the core of this strategy for improving K–12 STEM education is a \$150 million request for STEM Innovation Networks, which would support creating partnerships among school districts, institutions of higher education, research institutions, museums, community partners, and business and industry. These networks would develop comprehensive plans for identifying, developing, testing, and scaling up evidence-based practices to provide rich STEM learning opportunities in participating local educational agencies (LEAs) and schools. They also would work to leverage better and more effective use of the wide range of STEM education resources available from Federal, State, local, and private entities, including federally supported science mission agencies.

Other key elements of the Department's STEM request include \$80 million for STEM Teacher Pathways to support the President's goal of developing 100,000 new effective STEM teachers by recruiting, training, and placing talented recent college graduates and mid-career professionals in the STEM fields in high-need schools; and \$35 million to establish a new STEM Master Teacher Corps, which would identify teacher leaders in STEM fields who would take on leadership and mentorship roles in their schools and communities aimed at improving STEM instruction and helping students excel in math and science.

## MORE EFFECTIVE TEACHERS AND SCHOOL LEADERS

Consistent with the administration's proposal to reauthorize the Elementary and Secondary Education Act (ESEA), the President's budget would provide \$2.5 billion for Effective Teachers and Leaders State Grants to provide flexible, formula-based support for States and LEAs that commit to improving their teacher and principal evaluation systems and to ensuring that low-income and minority students have equitable access to teachers and principals who are effective at raising student achievement. We also would renew our request for a 25 percent national activities set-aside totaling nearly \$617 million that would allow the Department to build evidence on how best to recruit, prepare, and support effective teachers and school leaders and to invest in efforts to enhance the teaching and leadership professions.

In addition, the budget includes \$400 million for the reauthorized Teacher and Leader Innovation Fund, an increase of \$100 million over 2012, to help States and

LEAs improve the effectiveness of teachers and leaders in high-need LEAs and schools, in particular by creating the conditions to identify, recruit, prepare, support, retain, and advance effective and highly effective teachers, principals, and school leadership teams in those schools. We also are asking for \$98 million to support a redesigned School Leadership Program that would more than triple the Federal investment in training for principals. This proposal would promote evidence-based professional development for current school leaders aimed at strengthening essential leadership skills—such as evaluating and providing feedback to teachers, analyzing student data, developing school leadership teams, and creating a positive school climate.

#### SUPPORTING SCHOOL TURNAROUNDS AND DATA-BASED INNOVATION

We would expand our commitment to helping States and school districts turn around their lowest performing schools through a \$659 million request for the reauthorized School Turnaround Grants (STG) program. The request includes an increase of \$125 million that would be used for competitive awards to help school districts build their capacity to implement effective interventions in persistently lowest achieving schools or priority schools, and to sustain progress in schools that have successfully completed a 3-year STG project. In addition, the Department could use up to \$25 million of these funds to build district capacity by expanding the School Turnaround AmeriCorps initiative, a new partnership with the Corporation for National and Community Service that places AmeriCorps members in low-performing schools to support their school turnaround efforts.

The request also would strengthen K–12 education through a \$215 million proposal for Investing in Innovation (i3), an increase of \$66 million, to expand support for using an evidence-based approach to test new ideas, validate what works, and scale up the most effective reforms. Up to \$64 million would be available for the Advanced Research Projects Agency for Education (ARPA-ED), an initiative modeled on similar entities at the Departments of Defense and Energy that would aggressively pursue technological breakthroughs with the potential to dramatically improve the effectiveness and productivity of teaching and learning. And an \$85 million request for statewide longitudinal data systems (SLDS) would provide an increase of \$47 million to support the development of P–20 reports and tools to inform policy-making at the State and local levels, as well as the development of in-house analytic capacity for States and school districts.

#### SUPPORTING CAREER-READINESS FOR ALL

To out-innovate and out-compete the rest of the world, secondary schools and postsecondary institutions need to strengthen the links in our education system to better support career training and skills. The President's 2014 budget seeks to promote career-readiness for all, in large part through a \$1.1 billion request for a reauthorized Carl D. Perkins Career and Technical Education (CTE) program. The reauthorized CTE program would strengthen alignment among secondary and postsecondary CTE programs and business and industry, and create a better accountability system for improving academic outcomes, technical skills, and employability outcomes.

We also are proposing \$300 million for a new High School Redesign program, which would support partnerships of school districts, employers, and postsecondary institutions that would redesign high schools in innovative ways to ensure that all students graduate from high school with (1) college credit, earned through dual enrollment, Advanced Placement courses, or other postsecondary learning opportunities; and (2) career-related experiences or competencies, obtained through organized internships and mentorships, structured work-based learning, and other related experiences.

In addition, we are asking for \$42 million to fund a demonstration and evaluation of Dual Enrollment programs. This proposal would establish or expand dual enrollment programs, aligned with career pathways and local workforce needs, which offer high school and adult students the opportunity to earn college credits while enrolled in a high school or GED program. Research has shown that participation in dual-enrollment programs is linked to increased high school graduation, higher rates of college enrollment and persistence, and higher college credit accrual rates.

#### AFFORDABILITY AND QUALITY IN POSTSECONDARY EDUCATION

The 2014 request continues to support the President's ambitious goal that America will once again have the highest proportion of college graduates in the world by 2020. The urgent and growing need for higher education reflected in the 2020 goal comes at a time when paying for college is a challenge for many American families.



As a consequence, the President's budget proposes comprehensive reforms to increase affordability and quality in higher education, including \$1 billion for a new Race to the Top: College Affordability and Completion competition. That competition would drive change in State higher education policies and practices to improve college access, affordability, completion, and quality. The request also includes \$260 million for a First in the World fund, modeled after the Investing in Innovation (i3) program, which would make competitive awards to encourage innovation in higher education to tackle and improve college completion rates, increase the productivity of higher education, build evidence of what works, and scale up proven strategies.

In addition to promoting systemic reforms in higher education, the President's 2014 request includes student aid proposals that would make college more affordable, including linking student loan interest rates to market rates and preventing a scheduled July 1, 2013, doubling of Subsidized Stafford Loan rates from 3.4 percent to 6.8 percent. The President's budget would expand repayment options to ensure that loan repayments for all student borrowers do not exceed 10 percent of a borrower's discretionary income, and significantly increase aid available under the Campus-Based Aid programs. For example, the request includes a \$150 million increase for the Work-Study program as part of an effort to double participation over 5 years, as well as reforms to the Perkins Loans program that would expand loan volume by some eight and one-half times, up to \$8.5 billion, while making Perkins Loans available at up to an additional 2,700 college campuses.

#### BUILDING LADDERS OF OPPORTUNITY—AND PROMISE ZONES

The President's 2014 budget for education would help directly address the growing concern that too many communities in America—urban, rural, and, increasingly, suburban—suffer from the negative effects of concentrated poverty, including developmental delays among young children, poor educational outcomes, high rates of crime and incarceration, health problems, and low employment. One new strategy for addressing the challenges of concentrated poverty is the Promise Zones initiative, which will revitalize high-poverty communities across the country by attracting private investment, increasing affordable housing, improving educational opportunities, providing tax incentives for hiring workers and investing in the Zones, and assisting local leaders in navigating Federal programs and cutting through red tape.

This interagency effort will explore opportunities to make better use of all available resources—Federal, State, and local—to address the negative effects of concentrated poverty. The President's budget would support Promise Zones through significant requests in his signature place-based programs, including \$300 million for the Department of Education's Promise Neighborhoods, a \$400 million request for the Department of Housing and Urban Development's Choice Neighborhoods program, and \$35 million for the Department of Justice's Byrne Criminal Justice Innovation Grants program, in addition to tax incentives to promote investment and economic growth.

#### MAKING SCHOOLS SAFER

In January of 2013, President Obama released his plan to reduce gun violence, make schools safer, and increase access to mental health services. The 2014 request supports this plan's common-sense proposals with new investments designed to improve school emergency plans, create positive school climates, and counter the effects of pervasive violence on students. For example, we are asking for \$30 million in one-time emergency management planning grants to States to help their LEAs develop, implement, and improve emergency management plans designed to enable districts and schools to prepare for, prevent and mitigate, respond to, and recover from emergencies and crisis events.

The request also includes \$50 million for School Climate Transformation Grants, to be coordinated with related proposals at the Departments of Justice and Health and Human Services. These grants would help create positive school climates that support effective education for all students through the use of evidence-based behavioral practices. Funds would be used to scale up a multi-tiered, decisionmaking framework that has been shown to reduce problem behaviors, decrease bullying and peer-victimization, improve the perception of school as a safe setting, and increase academic performance in reading and math. In addition, \$25 million for Project Prevent grants would help school districts in communities with pervasive violence break the cycle of violence through the provision of mental health services to students suffering from trauma or anxiety (including PTSD), conflict resolution programs, and other school-based strategies to prevent future violence.

I want to close by talking briefly about school safety and gun violence. This issue is very personal for me. Frankly, it's something that has haunted me from the time I was a little boy, growing up on the South Side of Chicago.

I grew up playing basketball on the streets in many of Chicago's inner-city communities. I had older teenagers who looked out for me and who helped protect me. Far too many of them ended up being shot and killed. After graduating from college and playing ball overseas, I came back to Chicago to run an "I Have a Dream" program for a class of sixth graders. One of my first memories was of one of our young men, Terriance Wright, whose teenage brother was shot one afternoon.

Going to that funeral, and trying to help that family through that process, was brutal. We have far too many parents burying their children—that is not the natural order of life. When I led the Chicago Public Schools, we lost one child due to gun violence every 2 weeks. That is a staggering rate of loss. In Chicago, we took steps that no public school system should ever have to take. We created burial funds for families that couldn't afford to bury their children.

So, I absolutely refuse to accept the status quo. And I have two simple goals for change that everyone can agree on: first, that many fewer of our Nation's children die from gun violence; and second, that many more children grow up free from a life of fear.

If we refuse to act now, if we refuse to show courage and collective will in the aftermath of the Sandy Hook massacre, I think we will never act.

Sometimes the time picks you; sometimes you pick the time. Today, sadly, the time has picked us. If we don't move forward now in a thoughtful way to protect our children, then we, as adults, as parents, as leaders, have broken a trust with children to nurture them and keep them safe from harm.

On my wall in my office in Chicago, I kept a picture that one of our teenagers had drawn for me. It was a picture of him as a fireman. And the caption that he wrote to go along with it was: "If I grow up, I want to be a fireman." That's a deep statement about this young man's world. Think about what it means that so many of our youth today think about "If I grow up," not "When, I grow up."

Everything we are preaching to young people about going to college, building careers, deferring gratification, and planning for the future, is all undermined when a child is afraid they will get caught up in the craziness of gun violence. We need all our children, whether it is in Newtown, Connecticut, the South Side of Chicago, or Aurora, Colorado, to think of themselves in terms of "when I grow up."

And when children do have that confidence, our opportunity gaps, our achievement gaps, will shrink. When that day comes, education will fulfill its role in America as the great equalizer. It will truly be the one force that overcomes differences in race, privilege, and national origin.

#### CONCLUSION

The need is urgent. And I say to the committee, whether you are Republican or Democrat, our children and our country cannot wait. We cannot postpone providing every child with a world-class education.

I look forward to working with you to develop and implement a fiscal year 2014 budget for education that reflects the needs of our children and our Nation. And I would be happy to take any questions now that you may have.

Senator HARKIN. Thank you very much, Secretary Duncan.

Before we get into questions, we are honored to have the presence of the Chair of the full Appropriations Committee, and also a member of this subcommittee, Honorable Senator Mikulski.

Senator MIKULSKI. Thank you very much, Senator Harkin and Senator Moran.

I just wanted to come by, first of all, as a member of the committee, and would like to stay longer for the questions. But I just wanted to make just a very brief set of comments.

First of all, I want to thank you and Senator Moran for your leadership. I want to thank you for your help and support in moving the continuing funding resolution.

And, Mr. Duncan, I want you to know after your excellent testimony at our sequester hearing, everybody at this table worked together to try to move the continuing funding resolution in whatever way we could so there would be no shut-down slam-down lock-

down. And I think what you sense here is a sense of bipartisanship and a desire to return to regular order. And I want you to know, in my role as the full committee chairwoman, to work with you on the allocation you need, but to also prod the process so we can follow regular order with an open amendment procedure.

#### MARK UP OF FISCAL YEAR 2014 APPROPRIATIONS BILL

We hope to be able to mark up our bill sometime after Memorial Day. We will be marking it up at the level of \$1.058 trillion. This is \$92 billion more than the House. There will be tensions with the House, but there's always tensions with the House. We can work on that, and we can work it out. But we need to focus on the compelling needs of our country.

This subcommittee is the second-largest subcommittee in the entire Appropriations. Number one is the Defense Appropriations Subcommittee. But this is also the defense of the Nation—our young people and the education they should have, the National Institutes of Health fighting diseases and looking for cures, and our Department of Labor focusing on the jobs today and the jobs tomorrow.

So we want to work with you, Mr. Duncan. We're so glad, first of all, that you're staying. You know, continuity is an important thing. And thank you for what you've done already. We've reviewed your budget request for the Department of Education. I'm an enthusiastic supporter of universal preschool, Promise Neighborhoods, and some of the other programs that the administration is requesting we support in the next fiscal year. I think we have to take a closer look at IDEA and title I.

But that will be the job of the subcommittee. My job is to prod the process. Their job is to come up with the right line-item allocation. And I'm going to help them have what they need to work on this. So thank you very much, and I look forward to being an active member of the subcommittee.

Senator HARKIN. Thank you very much, Madam Chair, and I look forward to working with you to get a good bill through and on the floor and going to conference and on to the President.

#### EARLY CHILDHOOD EDUCATION

Mr. Secretary, we will begin a round of 5-minute questions. I remember when I was at the State of the Union Message and the President talked about his preschool program. And as we were all walking out, I said to you, and I think Mr. Sperling, who was standing there—I said—I think one of you, I forget which one, said, "How do you like that?" I said, "I love it. Now, let me see the budget."

And thank you. The budget is good. This is the right step forward in terms of preschool. Wait. I've got to bite my tongue. I used to always call it "preschool." However, in 1991, a report by the Committee on Economic Development that was set up to study education funding—actually, it was under the Reagan administration, and then they proceeded under the Bush administration. They finally came out with their findings in a report entitled, "The Unfinished Agenda: A New Vision for Child Development and Education."

And their executive summary was very simple. It said that we must understand that education begins at birth. And the preparation for education begins before birth. This committee was made up of some of the leading industrialists, CEOs of our largest major corporations in America. I always kind of wave that book around. I don't have it with me today. So I use that. And I've been talking about that ever since, that here are the business leaders of America said, "What we should do in education is focus on early-childhood education." That was 1991.

Twenty years later, the U.S. Chamber of Commerce came out with a study and a finding. This was just a couple of years ago. I remember I went down for the unveiling of it. And again, they called for a major investment in early-childhood education. This is, again, the business community of America. So you're right. I've been on this for a long time, saying that we've got to focus on this. And I used to call it "preschool." But now I'm thinking that school actually starts at birth. So I call it "early learning," maybe not "preschool," but "early learning programs."

So I want to congratulate you and the President for focusing on this. It's long overdue, but better to get started on it as soon as possible and encouraging States to develop really good early learning programs.

#### PRESCHOOL DEVELOPMENT GRANTS PROGRAM

So I'd just like to start my first question by just saying that the \$750 million that you've proposed for the Preschool Development Grants program, I want to focus on that. I guess a lot of times people say, "Well, look. We've got Head Start. We've got Early Head Start. We've got child care development block grants, Race to the Top: Early Learning Challenge. So what would these preschool development grants do that these other programs don't? How do they fit in?"

Secretary DUNCAN. So first, again, just thanks so much for your leadership over the years. And to actually have a chance to get this done and to go from 3 in 10 young children with access to high-quality preschool programs to a much higher number, I think is one of the most important things we can do for the country.

So the \$750 million, that would help States whether they are high capacity or low capacity or just getting in the game to develop infrastructure, to help develop their workforce capacity. Maybe it's facilities issues. We would have some flexibility there, but to give them a chance to really start to think this thing through in a systemic way.

#### EDUCATION AND HEALTH AND HUMAN SERVICES COLLABORATION ON EARLY CHILDHOOD PROGRAMS

Senator HARKIN. I'm again curious, because, you know, I think if you were to ask the average person on the street, say, "Do you know about Head Start?" "Oh, yeah. Everybody's heard of Head Start." "Well, what's Head Start?" "Oh, that's teaching young kids. That's teaching these kids early, early." I think the vast majority of American people have it fixed in their heads that Head Start is an early learning program.

However, it's not under your jurisdiction. It's under HHS. It was not designed to be an early learning program. We've had a lot of measures over the years to try to increase the qualifications of our Head Start teachers or people who run Head Start programs.

So I'm really curious of how we're going to both fold in Head Start and Early Head Start in with these development grants. It seems that we have an existing structure out there in Head Start. But we all know that the qualifications for the instructors and teachers in Head Start are not what's needed for really quality early education.

So again, I want to again ask you for your thoughts on how we kind of bring these two together.

Secretary DUNCAN. No, that's exactly right. And the teacher qualifications are too low. The compensation is too low.

Senator HARKIN. Right.

Secretary DUNCAN. Strong Head Start programs are making a huge difference. And other times, we don't have the quality, it's not making a difference. And my goal here is not just to expand access; it's to expand quality. I think it's so important that we continue to partner very, very closely with HHS. Again, Kathleen Sebelius has been fantastic. But you and all of your colleagues should look at this as an ages 0-to-5 initiative.

What are we doing around the home visiting program? It's proven to be very, very effective. What are we doing around high-quality child care? What are we doing with Head Start with 3- and 4-year-olds? And then how do we do more great preschool—Preschool for All—so that, ultimately, our 5-year-olds are entering kindergarten ready to succeed?

So it's got to be a continuity. I don't want parents worried about the funding source, whether it is us or HHS or any sort of other bureaucratic issues. We have to work together. And again, Kathleen Sebelius has been a wonderful partner. And we want to look at the entire birth-to-5 continuum in everything we're doing.

Senator HARKIN. Thank you, Mr. Secretary. I have some other questions, but my time has expired.

I recognize Senator Moran.

Senator MORAN. Mr. Chairman, thank you.

#### SUPPORT FOR EDUCATION FORMULA GRANT PROGRAMS

Again, Mr. Secretary, good to see you. I indicated my concern or at least a desire to hear more about the President's budget in regard to programs that the chairperson of the full committee and Senator Harkin have both talked about this morning. We have a mandate upon our schools to provide special education, IDEA. A number of school districts in Kansas are significantly impacted and require—by the Federal presence, and require Impact Aid.

And yet, in a \$3.1 billion increase, compared to 2012 levels, the only increase in formula grant programs is \$20 million for Special Education Grants for Infants and Families. There's no increase in title I, no increase in Special Education Grants to States, and no increase in Impact Aid.

How does that lend itself toward improving quality, particularly when it's so important to the basics for a school? In regard to IDEA, it's a Federal mandate. So as we pursue additional quality

of education, how is that accomplished if we're not supporting the Federal mandates and we're not supporting Impact Aid, areas in which schools have no choice but to spend resources on?

Secretary DUNCAN. No, it's a great question. And first of all, to be very clear, because the President's budget would reverse the impact of sequester, it would actually net a 5-percent increase. We're going back to where we were. All these programs have gotten hit under sequester. And those hits for communities that rely on Impact Aid have been very, very tough, as you know. And so we want to continue to invest.

But I think it's just as important, as you look at our budget, to look not just at one funding line, but to look across funding lines, so things like we're trying to do to increase money for school improvement grants, to turn around the Nation's most underperforming schools. And obviously, the vast majority of children in those schools receive services funded by title I dollars. Many of them have special needs, often a disproportionate number of special needs.

We're seeing real progress there. We want to continue to invest there very heavily. We're asking for significant resources to increase the Promise Neighborhoods program, which is working in our Nation's poorest communities, be that inner city urban or rural or remote. Obviously, the vast majority of children in those communities are title I recipients—again, often disproportionately with special needs.

#### CROSS-GOVERNMENTAL INVOLVEMENT IN EARLY CHILDHOOD PROGRAMS

So if you look at one line item, I think you sort of miss the comprehensive nature of what we're trying to do, and again, what we're trying to do not just in our budget, but across the administration—by partnering with HHS and on early children education, and partnering with the Department of Housing and Urban Development (HUD) and Department of Justice and HHS and Department of Agriculture around this Promise Neighborhoods initiative.

So your basic commitment or question of, are we doing the most we can to help our Nation's most vulnerable children? That's an absolute rock-solid commitment, and we're trying to get at it in a more thoughtful, more comprehensive way.

#### COLLEGE AFFORDABILITY

Senator MORAN. In the remaining time, let me ask a question related to higher education.

Efforts in addressing college affordability, it seems to me that some of the proposals in this budget would be better addressed in the overall context of reauthorization of the Higher Education Act. But you have a series of proposals outlined in the budget. Can you lay out for me the Department's planned changes to campus-based aid and the future of Federal Student Aid assistance, including any new requirements and obligations of higher education institutions within that framework?

Secretary DUNCAN. Yes. So first, let me just start on the increasing costs of college. It's a huge challenge for not just disadvantaged

families, but also middle-class families. So we're trying to come at this in a couple of different ways.

We've found through Race to the Top—through carrots, through incentives, not through sticks—we've seen a huge amount of change and progress on the K-to-12 side in the early childhood space. We haven't yet played in the higher ed space.

So what we'd like to do is put out a proposal to create incentives to do a couple of things. One, to incentivize States to invest in higher education. In the past year or 2, 40 States, Republican and Democratic leadership, 80 percent of the country, cut funding to higher education. And when that happens, what happens often, you know, far too often, is that universities then jack up their tuition.

So we want to incentivize States to invest, to not disinvest, in higher ed. We want to incentivize universities to keep their tuition down. Some are doing a wonderful job of maintaining costs and using technology in creative ways. At others, costs are spiraling much higher than the rate of inflation. And we want to incentivize universities to build cultures not just around access, but around completion. Access is clearly huge and important, but that is not the end goal. The end goal is completion.

So those are the proposals we're trying to do to get States, us, and universities themselves better aligned. We're also proposing an increase in access to Perkins Loans. That's been limited to a smaller universe of colleges. We want to expand that to more institutions, so more students have a chance to have access to those dollars, as well.

Senator MORAN. My time has expired. I hope to ask some additional questions in future rounds. But I would point out that it does seem to me that many of these proposals belong in, what the Chairperson talked about, regular order. We need regular order within our authorizing committees as well as compared with the process of us making decisions here in the Appropriations Committee.

Secretary DUNCAN. If I could, very quickly, just an early childhood piece, which you didn't ask about—Kansas would be eligible in this program for up to \$60 million. So it's a very significant potential investment.

Senator MORAN. I'll follow up with you in the next round. Thank you, Mr. Secretary.

Senator HARKIN. Thank you, Senator Moran.

I have here in order of appearance, then, Senator Tester, Senator Johanns, Senator Reed, Senator Alexander, and Senator Boozman.

So, Senator Tester.

Senator TESTER. Well, thank you, Mr. Chairman. And I would say thank you for your leadership. It is great to be on this committee. This is my first time on this, and I can tell you that my grandfather had three daughters. All three of them were teachers; one of them was my mother, of course. And through that experience, I became a teacher, and I've got a daughter that's a teacher. And I served some of the toughest political years of my life on the local school board, 9 of those years, 5 of which I was chairman. And I will tell you, that made this place look pretty tame.

And the reason is because education is so very, very important. We need that investment. It doesn't happen without that invest-

ment. And how those dollars are spent, whether it's through IDEA programs or the No Child Left Behind Act (NCLB) or Race to the Top, and what the Federal role is and the State role is and the local role is, is critically important. And I think that this budget is a signal of where you are and the President is.

And before I start on my question, we'll start with the TRIO 3 program. I do want to thank you, Mr. Secretary, for your service. And thank you for looking at education in creative ways, because we have our challenges in this worldwide economy. And if we're going to maintain the democracy that we've been so proud of, public education is the foundation of that. And I appreciate your commitment to that.

#### TRIO PROGRAMS FUNDING IN FISCAL YEAR 2014 BUDGET REQUEST

TRIO programs serve low-income and first-generation college kids. Montana has lost four of its nine programs. The Department of Education pointed to a lack of funding as being the major reason. Yet we see—and correct me if I'm wrong, I believe, flat funding for TRIO program, while Race to the Top programs are funded up.

But I'm not being critical, although, just as the ranking member pointed out, Montana, I think it has a lot to do with the fact that we don't have a lot of kids in Montana. We've got a million people overall, and you've got school districts probably that big, places in this country. We don't—we just don't have the access to those kind of funds. And we'll get to that in a minute.

The question is: Is TRIO part of the mix? Is it going to continue to be part of the mix? And flat funding it when we're losing programs that really do help kids—I mean, I've been there, seen them, and they are effective. Could you respond to that?

Secretary DUNCAN. Yes. Programs like TRIO and Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) and Upward Bound, I think, are making a real difference in young people's lives. And again, just to be clear, sequester is cutting all these programs by 5 percent.

Senator TESTER. But this was cut before the sequester. I mean, our programs were cut before we lost five of our nine programs before sequester. Now they're even in worse shape.

Secretary DUNCAN. So I don't know the details there. I will check that for you. But I think it's so important that we continue to invest and, again, increase those funds back up to where they were, the 5 percent, but also to make sure that college is affordable.

And I'm worried desperately about how difficult it is for so many families now, again, not just disadvantaged, but middle-class families as well, to pay for college. And that's why we think it's really important to create this Race to the Top initiative on the higher education side, to incentivize States to invest in universities to keep down tuition.

#### RACE TO THE TOP COMPETITIVE PROGRAMS AND RURAL DISTRICTS

Senator TESTER. Okay. So let's go to Race to the Top. And I'm not faulting the program. And we've had this conversation before. But what I am faulting is that it doesn't work real well for small



school districts. And we've got all small school districts in Montana. I mean, our biggest school district is a small school district.

What can be done so that we're not creating grant writers, but we are getting money to the ground to help kids move forward in these rural school districts?

Secretary DUNCAN. So I think that's a really fair question: Whether it's Race to the Top or whether it's the Promise Neighborhoods initiative.

Senator TESTER. All of the above.

Secretary DUNCAN. Investing in Innovation—are we reaching rural communities? I can go through sort of program-by-program what we've done there. I think we've done a good job. We can always work to do more. But there are some pretty fascinating grants in Native American country, in rural Appalachia, and we want to continue to invest in those communities.

Senator TESTER. What I would like you to do is just commit some of your staff to my staff to go through what you're doing with Race to the Top to make sure that rural America has access to it without pumping a bunch of money into administration. You know that money is hard to come by anyway. And every \$1 we can keep in educating kids is dollars well spent, in my opinion.

Secretary DUNCAN. Absolutely. And getting beyond Race to the Top, just quickly, on this Preschool for All proposal, this dwarfs anything else we've done—\$75 billion. So our plan there, our hope there would be to invest in all 50 States. And Montana's potential share there is \$25 million.

Senator TESTER. Very quickly, you don't have to respond to this. And it may be more for Congress to deal with than you. But special education, which has never been funded up to snuff, wasn't around when I was in school. It does great things. It continues to be underfunded and underfunded and underfunded. And I would hope that maybe we could work on getting that to a reasonable level. Those are dollars that do hit the ground and do help kids.

Thank you, Mr. Chairman. Thank you, Secretary Duncan.

Senator HARKIN. Thank you, Senator Tester.

Senator JOHANNIS.

Senator JOHANNIS. Mr. Chairman, thank you.

And, Mr. Secretary, it's good to see you. I was trying to think in the last 4 years if you and I have had a chance to sit down and get to know each other better. I don't think we have. I would welcome that opportunity.

Let me offer a couple of thoughts before I get into more specific questions. You mentioned States' cutting funding to higher education. You mentioned tuition going up. It's a problem. I had a group of kids in my office yesterday who were talking about school loans and trying to get through college and the burden.

I've had kind of the unique experience in my life of starting very much at the local level as county commissioner, city councilmember, then Mayor of Lincoln, Nebraska, and then Governor, before I joined the Bush Cabinet as Secretary of Agriculture.

#### COMPETING DEMANDS FOR STATE BUDGET DOLLARS

I think you could sit down with any Governor in any State and participate in their budget preparation, and you would find out

very, very quickly why these things are happening. If you look at a State budget, there's really about a half-a-dozen things that you fund, major items, that is, major categories. You keep the bad guys in prison. You have a public safety element. You have higher education and K-12 education. And then you have Medicaid funding.

And I will just tell you that what you are seeing is real in every State because every Governor is having to squeeze programs that they like and support because of the growth in that area of Medicaid spending. And believe me, Mr. Secretary, this isn't going to improve. I don't care who supports the healthcare act. The reality is it's going to get worse and worse and worse. And it's going to squeeze funding.

#### SEQUESTER IMPACT

The second observation I want to offer is this: I hear what you're saying about sequester. It was passed in a bipartisan vote. It was signed by the President of the United States. Now many say that it's a dumb move. Maybe there's an argument that it was a dumb move. But the reality of what we're facing is also very, very bad for our children and grandchildren. The amount of debt that we are loading on them is frightening.

So every Senate office—again, I'll guarantee you. If you came and spent a day with me or any other Senator, here is what you'd see. You would see people piling in, one after another, talking about the cuts. And, "Please, Mike, don't do the cuts. Please. Is there anything you can do to save this program?" And you know what they have in common? They're all discretionary spending. They're all discretionary spending.

So until we get to the real root cause of what's driving our financial problems, I think that part of the budget gets worse and worse.

My last observation is this: I don't have immediately at my fingertips the amount of money that the Federal Government puts into K-12 education, but it would be what, 10 percent of the total?

Secretary DUNCAN. 8 to 10, on average. You're exactly right.

Senator JOHANNIS. 8 to 10 percent?

Secretary DUNCAN. Yes.

Senator JOHANNIS. As a Governor, mayor, county commissioner, city councilmember, you know what I found irritating about that? What I found irritating was that the Federal Government was heavy-handed on the rules and regulations and very light-handed on the funding. They wanted to tell us how to run our schools while being a very, very junior partner in the funding. The funding is basically coming from property tax, sales tax, and income tax. It's coming from Governors, and it's coming from school boards.

#### RACE TO THE TOP AND COMMON CORE OF STANDARDS

Well, I've used my time. But I'm going to ask you to look at one other thing. Senator Tester's comments are so appropriate, and he could have been making those comments on behalf of Nebraska. We have a nearly 88 percent high school graduation rate. We have higher-than-average ACT scores. We have school boards that are doing tremendous work, teachers that are doing tremendous work.

And you know as well as I do, we don't even qualify for Race to the Top. Why? Because we haven't adopted the common core stand-

ards and the Federal Government's "it will be our way or the highway" approach to evaluations. So our kids in Nebraska, for that money, are written off. This program doesn't work for a kid in Nebraska because we disagree with you on these standards.

#### DEPARTMENT-STATE PARTNERSHIP

So I just think there's a lot of work that the Department can do in terms of its partnership. And I'm not talking about using the words; I'm talking about real partnership, working with States, working with State differences. And I'd just encourage you to do that and show some flexibility so States like Montana, States like Nebraska can benefit from the programs you're talking about. Because quite honestly, we don't benefit at all.

Thank you, Mr. Chairman.

Secretary DUNCAN. It's a lot there. I'll try and quickly respond on a number of fronts. You make very legitimate points, and I spend an inordinate amount of my time with Governors across the political spectrum. So your summary there is pretty accurate. And obviously, you've lived it. The gentleman next to you has been a fantastic Governor. He's lived it as well.

#### STATE FUNDING PRIORITIES

Just a couple of comments. I question when 40 States cut funding to higher education, when 40 States don't cut funding to prisons. Somehow, prisons become a larger priority than education. I would much rather fund the front end than the back end. You have Governors like Governor Haslam of Tennessee doing some really interesting things around performance-based funding, not just putting money into the current status quo, but really challenging higher education to do some things differently. And that thinking was really influential as we thought about Race to the Top for higher education.

We have to be cognizant of reducing the budget. I think the President absolutely is. But I think we have to have a balanced approach as well. And we have to continue to invest in education, not in the status quo, but the fact that we're 14th in the world in college graduation rates, again, is not something I think any of us can or should be proud of. We're trying to keep good jobs in this country. We need to have the educated, competitive workforce. And I don't want other countries out-educating us. And frankly, that's what's happening right now.

Going forward on this preschool program, just to be clear, Nebraska would be eligible for \$35 million. This is a large-enough sum that we think we could go to all 50 States. And the final thing, just to be clear, on standards—I've talked to, and have a great relationship with Governor Heineman there—all we ask is two things, like our waivers around No Child Left Behind, giving States more flexibility; they don't have to adopt the Common Core. All we ask is that the State institution of higher education, the University of Nebraska, certify that those standards are truly college- and career-ready.

And the definition is very simple. They say if students pass these classes, they won't have to take remedial education. They don't have to take remedial classes. That's good enough for us. So it's not

us imposing anything through the waiver process. It's saying, "Have a high bar like the Common Core is or just have your institution of higher education certify that students who graduate from high school don't have to take remedial classes." So I think there's more flexibility there than you may be aware. But we're always looking.

Your point about reducing paperwork, reducing bureaucracy—we had a conversation last night about that. Whatever we can do to get our scarce resources out to help kids and out of bureaucracy, please challenge me and my team to do more and more in that area.

Senator HARKIN. Thank you very much, Senator Johanns.

Senator Reed.

Senator REED. Thank you very much, Mr. Chairman. And, Mr. Secretary, thank you, too. I believe we all recognize the extraordinary energy and imagination and effort that you put into your leadership at the department in every level, from pre-K to elementary to every level. And my questions begin with that appreciation for what you've done and what you continue to do.

#### EFFECTIVE TEACHING AND LEARNING: LITERACY PROGRAM

But there are a few specific points. One is the innovative approach to the literacy program, the literacy program, which started off with the Department's putting out application information that was not entirely accurate. In response to inquiries by Senators Cochran, Grassley, Stabenow, Wicker, and I, the Department reformulated the application. But there was a short window for the application process. And so I appreciate your efforts to try to get it moving and hope that future competitions will be more timely and accurate.

Can you just tell us what are you doing to ensure this program works? And in a broader issue, since access to books and media is so critical to education, both in libraries, public and school, and in the home, what are you doing to make sure that children, particularly disadvantaged children, have that access?

Secretary DUNCAN. Yes. Our proposed Effective Teaching and Learning: Literacy program would replace current programs that are more fragmented, all over the map, and try and give States the flexibility to implement a more P-to-12 literacy strategy. So the question is sort of about mandates versus flexibility at the local level. We're attempting to move in that direction, and I'm happy to take your feedback suggestions on how to do it better. But that's the goal here. Less fractured, more comprehensive.

Senator REED. Envious goal. And then it begs the question of: How are you going to measure that goal?

Secretary DUNCAN. Well, I think in all this stuff, we're trying to do a much better job of being sophisticated about return on investment. Again, that's why this early childhood piece is so important. Study after study shows, you know, a \$7—other studies go as high as \$17—return for every \$1 investment. So we want to look at every single year, hold us accountable for our graduation rates going up, our dropout rates going down. Are more high school graduates college- and career-ready?

Whether it's this program or anything else, we've made some pretty tough cuts in our budget, from nice-sounding programs, programs we like, but if we're not seeing a return on investment, these are tough economic times. We can't—I don't feel comfortable going back to taxpayers for that. So I want to know, in every single program across our entire budget, are we making a difference in young people's lives? And if we can't demonstrate that, then we have to ask some hard questions of ourselves.

#### STUDENT LOAN INTEREST RATES

Senator REED. Let me change quickly to another topic of immediate concern. It's sort of *déjà vu* again. Student loan rates are set to double July 1, 3.4 percent to 6.8 percent, at a time when prevailing rates on 15-year mortgages are 2.8 percent, et cetera. I know the administration, within the budget, has a long-term approach. Some of my colleagues have proposed long-term approaches, such as Senator Alexander and others.

But do you believe there's a need for an immediate correction before July 1?

Secretary DUNCAN. Yes. And, I would love to do a long-term fix. I sort of worry about doing this every single year. We got it done last year. Frankly, I don't know—you guys are smarter, much smarter politically than I. If we wouldn't have had a Presidential election, I don't know if we would have got that done last year. We don't have a Presidential election this year.

So rather than trying to go every single year, sort of a Band-aid approach, I'm much more interested in a long-term solution and working together to get that done.

Senator REED. I, too, am interested in a long-term solution. And again, some of my colleagues have proposed some very, very thoughtful ideas of tying it to market rates and letting it vary with rates.

But the reality I think we're going face in a very short period of time—45 days, 90 days—

Secretary DUNCAN. Yes.

Senator REED. Suddenly, those interests have doubled. And the idea of pushing major legislation, especially the long-term carefully constructed legislation, even with the best intentions, might be beyond our capacity.

Secretary DUNCAN. So, obviously, the last thing we want is for rates to double. So, we just urge this group and others to work together to figure this out. And I'm open to ideas, but I want to fix it for the long haul so we're not fighting this battle every single year. That just doesn't seem smart or effective to me.

Senator REED. Yes. You don't get to the long term without getting through the next couple of months.

Secretary DUNCAN. I agree.

#### COLLEGE ACCESS CHALLENGE GRANTS

Senator REED. Thank you. The second point, too, and it's about the College Access Challenge Grants. The Department does have discretion to waive the maintenance effort to the States. It turns out the States—I don't have to tell you; all of my colleagues have said the same thing—they are in desperate situations.

Secretary DUNCAN. Yes.

Senator REED. They cannot meet the maintenance of effort requirement, and they are returning money to the Department, which means that students are not getting this support to go on to college.

Can you look at your waiver ability? We've got to work with the States?

Secretary DUNCAN. Yes. We've worked—I've worked very directly with a number of States. I haven't worked directly with Rhode Island. I will check on that situation. And we want to be fair. We want to be flexible. We want to be clear.

And have the Governor reach out to me directly, or I can call him if there are issues there. I wasn't aware of the Rhode Island issue.

Senator REED. I appreciate that very much. And just a final comment, as I've been very impressed with what Senator Alexander and his colleagues have proposed and what the long-term fix that I think—the way we operate around here, we might have to do something in the short term. I just—I hope we can. Thank you.

Senator HARKIN. Thank you, Senator Reed.

Senator Alexander.

Senator ALEXANDER. Thanks, Mr. Chairman.

Mr. Secretary, I'm glad you're staying, too. I think you're terrific. You and I have some disagreements about the extent to which the Federal Government ought to supplant the decisions the State and local governments make, but I like your leadership, and I like working with you.

#### STUDENT LOAN INTEREST RATES

Senator Reed is about to leave, but I look forward to talking with him more about how we deal with student loans—I mean, with student loans. I want to ask you a couple of questions about that. I'm not so sure we can—I mean, the President has recommended a variable rate, right, in his budget?

Secretary DUNCAN. Yes, sir.

Senator ALEXANDER. So—and that's a recommendation of Senators Burr, Coburn, and I have made a similar recommendation. Many Democrats see that as sensible. I'm hopeful that—I mean, I don't put it out of my mind that working with the administration, since this seems to be an area where we agree that we can't get started on that before July 1. And I'm willing—I'm willing to work on that.

Let me ask you. Your proposal is a little different than the one we proposed. About how much does it cost the Department, in addition to what it pays for the money—let's say it's 2.8 percent—to make the loans? That would be the collections, the defaults, the forgiveness, the costs. What do you have to add to your cost of money to pay your own costs of making the loans?

Mr. SKELLY. It varies by year, Senator Alexander. But it would be still another couple percentage points.

Senator ALEXANDER. Two percent. So if your cost of money was 2.8 or 3 percent, if you added 2 percent, that gets us to about 5 percent.

Mr. SKELLY. If it were, yes.

Senator ALEXANDER. But it is. I mean, it is 2.8 percent, right?

Mr. SKELLY. But I was suggesting that the rates we use are estimated interest rates over time, and they will change. We can't just look at the rate for today. We have to look at the rate that's going to be in effect in the future.

Senator ALEXANDER. But we can start by looking at the rate for today. So if we were to impose—if we were to change things to have that rate for today, students would be paying more in the neighborhood of 5 percent than in the neighborhood of 6.8 percent on those 40 percent—on those unsubsidized loans.

Mr. SKELLY. On unsubsidized Stafford loans, yes.

Senator ALEXANDER. And that rate would continue during their—during the time they have the loan?

Mr. SKELLY. Under the President's proposal, the rate would be fixed, so students could be sure.

Senator ALEXANDER. It would be a fixed rate set at the time they get the loan.

Secretary DUNCAN. You lock it in. You lock it in so there's no insecurity going forward.

Senator ALEXANDER. So the idea would be, in my view anyway, that that would be fair to students. Certainly today, it would be a lower rate than they have today and fair to taxpayers over the long run. They, students, wouldn't be paying more than they should. And later, taxpayers wouldn't be subsidizing more than they should.

So there's a basis for agreement there, I would think. And I would like to work with you and Senator Reed and others, Senator Harkin, and see what we can do, both for the short term and the long term.

#### SCORING THE STUDENT LOAN INTEREST RATE PROPOSAL

Do you know the cost of the President's proposal to the Federal budget? Has it been scored?

Mr. SKELLY. Under our estimates, the proposal would be cost neutral. There wouldn't be additional cost. Again, rates change over years. The rates for subsidized loans would actually be lower than the current-law rate of 6.8 percent for all 10 years of the proposal. The rates, beginning in 2017, for the unsubsidized loans and the PLUS loans would be slightly higher than the current law.

Senator ALEXANDER. Yes. Our proposal would just set a set rate for all three types of loans. But we can talk about the differences there. I would recommend that we go to work on that pretty quickly and see if we can avoid this year-to-year trauma for students, Senators, parents, colleges, taxpayers. So I thank the President for his proposal, and I thank Senator Reed for his interest as well.

#### MEDICAID PROGRAM IMPACT ON STATE EDUCATION BUDGETS

May I switch gears just a little bit? Without—I don't want to pursue this, because, Mr. Secretary, you and the Chairman and I had a lengthy discussion about this yesterday. Senator Johanns is exactly right. I mean, the first reason college costs are up is because of the Medicaid program. Federal Medicaid mandates are structured in such a way that over the last 30 years, this is not President Obama, over the last 30 years, the cost of Medicaid to

States has gone from 8 percent of the State budget in Tennessee to 26 percent.

And the money mostly comes from higher education. That's the main reason. That's the main reason that Tennessee reduced its support of higher education. And because of Federal rules, it had to keep spending the same thing for Medicaid. So higher education spending went down 15 percent, tuition went up, and TennCare went up higher.

#### HIGHER EDUCATION ACT REAUTHORIZATION AND REGULATIONS

So one can say, "Well, Tennessee doesn't have to take the money," but that's the partnership we have. And I have a question I'd like to ask. My time is up. One other reason costs are high is because of excessive regulation. The President of Stanford says it's 7 percent or more of all his costs. I think that's a scenario we also agree on.

Senator Mikulski and Senator Bennet and Senator Burr and I, and we've discussed this with the Chairman, would like to work with you to set up a process so we could systematically go through the well-intentioned regulations and suggestions that we've made through the law—our fault—turn them into regulations, various secretaries, and see if we can reduce that stack of regulations as we meet toward reauthorization of the Higher Education Act.

Would you work with that with us and make that a priority?

Secretary DUNCAN. Absolutely. Just coincidentally, I met with the President of Stanford University yesterday prior to meeting with you and had this exact conversation. But whether it's on reauthorizing the Elementary and Secondary Education Act (ESEA), whether it's on the interest rate issue, whether it's on reducing regulations, I just absolutely appreciate your leadership and thoughtfulness and would more than welcome the opportunity to do that.

I will say it's one of the things I've been more frustrated on. We've done some things to reduce burden in regulation. But whenever I go out, I hear this. And I say to people, "Please email me. Please call me. Please tell me what I can stop doing tomorrow to make your life better." It's amazing how little I get back.

So I think I've struggled to articulate it clearly or to get good feedback. So I've been, I think, less effective than I would have liked to have been up to this point. And having you and Senator Bennet and others help partner on that, would love to engage in that.

Senator ALEXANDER. Well, I did worse than you did when I had your job, in that respect. And I think we need a process that goes on for awhile that people can—so let's try and see if we can make that work. I think lots of Senators would enjoy participating.

Secretary DUNCAN. We're asking so much of everybody. The least we can do is make their job easy and let them focus on students and not on paperwork and bureaucracy.

Senator ALEXANDER. Thanks, Mr. Chairman.

Senator HARKIN. Thank you, Senator Alexander.

Let's see. Now, that would be Senator Merkley. He's already gone. Then Senator—what happened to Boozman?

Senator MERKLEY. Thank you very much, Mr. Chairman, and thank you all for coming. Welcome, Mr. Secretary.



## EARLY PELL GRANT COMMITMENT DEMONSTRATION

We had testimony—oh, it must have been about a year ago by someone who talked about the early Federal Pell grant commitment demonstration program. And the argument he made was that, “Look, if high school students knew at the start of their high school that there would be financial aid to help them get to college, it would change their performance in high school. Or at a minimum, we should study this to see if it changes their performance in high school.”

And I can tell you, because I live in a working-class community, I know that many kids when they start high school, they assume they’ll never be able to afford to go to college. It’s just kind of—the assumption is, “How would I ever afford that? My parents aren’t able to afford it. It’s more expensive now. Scholarships are hard to get.” So they’re almost defeated before they begin.

I thought, well, that’s a pretty interesting idea to be able to meet with kids and say, “Based on your family income, here’s a commitment. And here’s how you’re going to be able to go to college.”

This program has never been funded. It’s been authorized, but not funded. Has your Department looked at this program? Do you have thoughts on it? If not, would you be willing to take a look at it and carry on a conversation about whether this might be worth a pilot project?

Secretary DUNCAN. Absolutely. It’s a hugely important issue. And I worry tremendously about the young people who have the academic ability and the desire to go on to higher education, but to your point, just think it’s beyond their means, it’s for rich folks, it’s not for people like them.

## ENCOURAGING STUDENTS ABOUT COLLEGE AFFORDABILITY

So there are a number of things that we’re looking at and would like to pursue with you. We’ve talked about whether we send a letter to sophomores, to juniors, to every student in the country, saying, you know, “Right now—we don’t know how your family situation is going to change financially—but right now, this is what you would qualify for,” just to give them a sense, “Wow. There is real money out there, and there is an opportunity to take that next step.”

We’ve tried to provide a lot more transparency around college costs so parents could comparison shop, and community colleges are a great option. There have been interesting approaches in some places. For example, Governor Daniels in Indiana—just something very interesting where, if you graduated in 3 years from high school, what would have been the cost of your senior year in high school—let’s say it costs \$10 grand—that \$10 grand would walk with you to college as an additional scholarship.

So I think there are things we can do financially. There are things we can do in terms of being better at getting out information, more transparency. So we’d love to continue that conversation with you and your team. And there are so many deserving, hard-working students who get scared, get intimidated by just the difficulty of the process. You know, first-generation college-goers,

English language learners, it's been way too hard. It's been way too opaque.

So we're working hard there. But whatever additional steps we can make, I'm all in. And please push us to be a good partner there.

Senator MERKLEY. Thank you. I look forward to pursuing this with you. I was reading about a school that named each of its classrooms after a different university, a high school that did this. And sat down with students when they came into the school—working-class world—and said, “This is how you will be able to go.”

So students get that embedded right from the very beginning that this is a possible route. And I think that's something that is missing as we talk about these high, high goals. And I know, coming from a family where I was the first in my family to go to college, there was no—we had no idea. None of my neighbors had been to college. My family hadn't been to college. We had no idea as a community how the heck you got into college. And so that's very helpful.

#### COLLEGE UNDER-MATCH

Secretary DUNCAN. So again, one other piece that's important, a little bit different. But there's been a lot of really important research lately on what I call the under-match of really high-quality students from poor communities, and from rural communities, who don't have access to some of the more elite universities. And again, those universities have tons of money and would like them. But they don't have a way to find them or connect.

And so that's another piece of this puzzle to make sure young people who have done extraordinary work have a chance to go to the best university possible, whatever that might be.

#### STEM REORGANIZATION

Senator MERKLEY. I wanted to turn in my last 50 seconds to science, technology, engineering, and mathematics (STEM) reorganization. And I was surprised to hear that there were 100—well, more than—226 different STEM programs across 13 agencies. And you're working hard to consolidate that number.

I think most of that diversity is in the college level, not the K-12 level, if that's right. And it makes sense to me, without knowing the details. But could you expand just a little bit on how to make our STEM programs more effective?

Secretary DUNCAN. I appreciate you bringing this up, because this is a big deal and the President has provided a lot of direct, personal leadership on this. I've engaged with the Democratic Policy Committee (DPC). Again, this is not a President Obama thing. There has been for decades, I assume, a huge number of diffuse programs across the Government. The STEM area has been, obviously, so critical, as so many of the jobs of the future are going to be for folks with STEM skills.

So the fact that administration-wide we haven't been as efficient or as effective as we need to be, that's untenable. So what the President has really challenged us to do is to consolidate the number of programs, to work much more closely together. He's asked

us in the Department of Education to step up and provide a lot of that leadership on the K-to-12 side.

Two big pieces of our puzzle would be a STEM master teachers program to figure out how we attract and retain great talent. We've had a shortage of STEM teachers for far too long. Having a great master teacher corps to help support and have a better pipeline is very, very important.

And then we want to really partner with local communities through what we're calling STEM Innovation grants, innovation networks. And I think it's so important. What we've learned in Race to the Top and other things is that our resources are helpful, but the real leadership comes at the local community level. It doesn't come from us. I think, historically, too many of the Federal STEM programs have been top-down.

What we want to do is say, "Here are some resources. But what is your local community going to do? What are they going to work to accomplish? How are they going to work together? Higher education, the private sector, businesses, K-to-12 education with the community, what do you guys want to come together to do to create a much better pipeline?"

And so with some really exciting ideas, this is an area where, again, different agencies need to not be sort of turf-conscious. We need to work together. I think there's a real chance here to do something very creative and to take to scale what is working. So this is very important to the President personally. And we're committed to doing whatever we can to make sure that across the administration, we're much more effective in the STEM area.

Senator MERKLEY. Thank you very much. Thank you.

Senator HARKIN. Thank you, Senator Merkley.

Senator BOOZMAN.

Senator BOOZMAN. Thank you, Mr. Chairman. And thank you for being here, Secretary Duncan. We appreciate your service.

I don't have a question because I think it's already been asked by Senators Tester and Johanns, and others have commented. But I do have concerns. I also was on the school board for 7 years. And that is a test by fire, so important. But I do have concerns representing a rural State. When you look at the panel, we're all rural up here. But I do have concerns.

#### CAPABILITY TO COMPETE FOR FEDERAL GRANTS; STUDENT LOANS

As you really expand the envelope on the competitive grants and things like that, it does make it difficult for our districts that are working hard, good schools, but they simply don't have the resources to compete with the most able to compete playing the grant-writing game.

It's not a secret that student loan debt is a growing problem. Institutions are accountable for default rates that are the result of many unqualified buyers, students being given massive amounts of money while not understanding many of the inherent responsibilities involved in receiving the loan. Would greater discretion by local institutions over the amount of student loan money disbursed to financial risk or underprepared students—would that be a beneficial thing to consider?

## COMPETITIVE VERSUS FORMULA-BASED EDUCATION PROGRAMS

Secretary DUNCAN. So a couple of quick things. First of all, just for the record, I'm going to be really clear that the overwhelming majority of our money is not competitive. It's formula, 84–85 percent of our request is formula-based. And that has not—it's changed like a percent or two in the past year. So the vast majority, you know, again, 85 cents of every \$1 has been and will continue to be distributed on a formula basis.

On the Preschool for All program, just to be clear, Arkansas would be eligible for up to \$70 million. And again, that pot is big enough for us to invest in every State. It's really our goal to do that.

## STUDENT LOAN INTEREST RATES

On student loans and interest rate caps, we need to think about all these things. And as you may have seen, we actually put out earlier this week—we want to regulate or get information around the Parent PLUS loans. So it's not just the loans to students, but loans to parents are often huge and put parents in a very tough situation. So we want to have a very public conversation on this stuff, to be very transparent.

And we want to—our challenge is to align the interests of taxpayers, of students, of parents, and institutions of higher education in trying to get that balance right. So any thoughts you have, I'm more than open to it. We want to help everyone go to college. We don't want them ending up in a worse financial situation than when they started or putting parents in a situation from which they can never recover.

And the worst possible thing is when students and parents take out these massive loans, and then the students don't graduate. So, you know, they have nothing to show for it. So real issues there, happy to talk offline. But around the Parent PLUS loans in particular, we want to have a very, very public conversation, figure out, are we exactly in the right spot or not? And make any commonsense changes we need to make.

Senator BOOZMAN. No, I appreciate that. I think the committee appreciates that. And perhaps working with this committee and the authorizing committee, we can actually work together and move in that direction. Because it does seem like it's a commonsense thing to help students that aren't prepared, don't understand what they're taking on.

## RACE TO THE TOP: COLLEGE AFFORDABILITY AND COMPLETION

Secretary DUNCAN. And I was just going to quickly add that this is where, for me, the Race to the Top for higher education is so important. We have to get more States to invest in higher ed. And when they walk away from that commitment, I understand the constraints. I understand the competing priorities. But when States stop investing in higher education, the Federal Government can't do this by itself—shouldn't have to. This has to be about shared responsibility. So we have to attack this from multiple fronts. That's part of how we're trying to get at this issue.

## TECHNOLOGY IN SCHOOLS AND RURAL DISTRICTS

Senator BOOZMAN. One of the things I've heard recently, again from rural districts, is that—especially rural districts, we have a situation where the budget really doesn't help with technology in schools. And yet, in 2014–2015, online assessment testing is expected as a result of the Race to the Top assessment program grants for developing new generations of testing. So you've kind of got a situation.

We're all concerned, as an old school board member, in these unfunded mandates. And essentially, that seems to be kind of what this is.

Secretary DUNCAN. Yes. So it's a huge topic, and I don't want to take too much time. But I think technology in rural communities, in Native American communities, and in the inner city can be a huge equalizer in terms of providing much greater equity for children and a chance for excellence, to learn anything you want anytime you want. So for me, this is a huge, huge deal.

## DISTRICTS MOVING FROM PRINT TO DIGITAL TEXTBOOKS

One challenge that former school board members need to think about is, we spend several billions of dollars each year on textbooks, on paper. And what we're seeing is a number of districts—you know, not a critical mass yet—but that stop investing in textbooks and use all that money for technology.

I'll give you one quick example. In North Carolina, there's a district, Mooresville, which is, I think, about 117 in terms of funding. So they're way down the list. Years ago, they got out of the textbook business, made some hard decisions, put all their money into technology and into teacher training there. They're seeing some pretty remarkable results in terms of teacher engagement, graduation rates way up, test score results going up.

And so we all would love more money. I'm the biggest advocate for more money. But we have to think about an education. We're not good at stopping doing certain things. And this trade of textbooks, paper, you know, print to digital—there's a set of districts that are starting to provide real leadership there without a lot of resources. And I'd urge districts in your States to take a look at that—there are a number of places, with Mooresville being probably near the top of that list.

Senator BOOZMAN. Thank you, Mr. Secretary.

## ADVANCED PLACEMENT COURSES ONLINE

Senator HARKIN. I just want to say to my friend from Arkansas that some years ago, back in the 1990s, I and my other colleagues from Iowa provided startup funding for AP online, advanced placement courses online, because we have small towns like you do, Mississippi, Arkansas, Kansas. And they just didn't have AP courses. They didn't have them. So they went online.

And so that structure that was set up in Iowa, I just was informed yesterday—I had someone come in—that over 7,000 kids since that time have taken AP courses. Kids that are in small schools—100 kids in a school and stuff like that—have taken that. So I don't know what Arkansas or other States have done. But

that's the kind of technology that helps equalize those big cities with our kids in small schools.

Secretary DUNCAN. It is. Quickly—there again, I spend more and more of my time looking at our international competitors. There are a number of other nations that are moving from print to digital as a nation. And I want us not to be a lagger here. I want us to be a leader.

Senator HARKIN. Thank you. I'll be glad to talk to you. I don't know what your States are doing. Maybe they're already doing that stuff. But this—what we've done—

Senator BOOZMAN. I would love to visit with you, Mr. Chairman.

Senator HARKIN. It's been interesting the way they've done it in Iowa. Okay. Thank you.

Senator Cochran.

Senator COCHRAN. Mr. Chairman, thank you.

Mr. Secretary, welcome. We appreciate your service as Secretary of Education. And we appreciate the personal vigor you've brought to the challenges being faced by our Government at the highest level in trying to figure out ways to help local school boards and schools and teachers and principals to do a better job educating our Nation's children.

I grew up in a schoolteacher family, and it was really sacrosanct. School came first no matter what. Every time they opened the doors over there, whether it was for a basketball game or officers' meeting, faculty meeting, all the rest, we all showed up, my brother and I and my parents, because we were growing up and they couldn't afford babysitters. So we were there at the school almost all the time.

And that was a great benefit, really, because I guess we just sort of, by osmosis, assimilated respect for and interest in education and the challenges of learning.

#### REWARDS FOR SUCCESS

And I wonder about some of the things that are being suggested. And I notice the title I rewards program. I was excited when, you know, the other title programs started up and that meant more funding for education programs in my State. I'm not sure this one is going to do that—and the negative aspect would be that we would benefit from the current programs—when you start adding on some new programs and diverting funds from the programs that are just now getting assimilated and used to the benefit of the students, and we end up getting a short appropriation or allocation of funding because of a new rewards program.

FYI, be sure you don't hurt the ones who are benefiting from the programs as they were prioritized—because that's the new word. You've got to verbalize every noun in Washington. That's the new thing to learn.

But have you had anybody point that out? Or is that something that you're aware of?

Secretary DUNCAN. It's a very fair question. I think one thing we're trying to do a much better job of, which I don't think we do enough in education, is to spotlight success and highlight success. And one of the things I hated about No Child Left Behind is there

were no rewards for success. The only reward for success is you weren't labeled a failure.

And we think there are many schools, there are districts, there are States that are doing a great job of raising achievement for children who receive title I resources, our most disadvantaged—our Nation's most disadvantaged children. So, what we want to do is shine a spotlight there, learn from those best practices, not just talk about the failures, but talk about where we're closing achievement gaps.

And so I totally understand you don't want to hurt folks who are doing the hard work. But I would challenge you in Mississippi, challenge anyone else, do you know who the 10 or the 20 schools are that are doing the best job with poor children? Most times, folks don't know. And to me, that's just a crying shame. And we should be figuring out who they are. We should be learning from them. We should be replicating, sharing best practices.

And so in everything we want to do, whether it's children with special needs or, you know, working with poor children, we want to find out what's working and try and take it to scale. So that's part of—that's the philosophy behind this. But I understand the caveat and the concern.

Senator COCHRAN. Thank you.

Senator HARKIN. Thank you, Senator Cochran.

#### COLLEGE AFFORDABILITY AND STATE BUDGETS

Being the second round, I just have one question I wanted to follow up on. Mr. Secretary, according to a report issued last month from the Center on Budget and Policy Priorities, States are spending 28 percent less per student on higher education than they did in 2008.

So colleges and universities are partially making up for that by shifting the cost burden to students and their families, through tuition hikes and higher fees. That's why we've had a series of hearings in the HELP Committee that I chair on this very issue. We just had the fourth in a series of hearings yesterday on that.

Now, I've heard from others that say, "Well, you know, Medicaid, increased funding for Medicaid is crowding this out." But this has happened—the increase in Medicaid in States, basically, has happened because we've got more poor people. If you look at the recent downturn in the economy, that's what happens. When people are out of work, they become poor. You follow? Then they go on Medicaid. You reduce unemployment down to 4 to 5 percent, a lot of those problems of Medicaid disappear.

So we've had that. But this idea that the States are backing off because of that does not track in terms of past time. This has been going on for the last 20-some years, where States keep providing us less. And what State legislatures have figured out is we don't have to fund higher education. That means the schools will raise tuition and fees, and the students will go to the Federal Government, get higher Pell grants, get more student loans. So there's been this shift in States.

So I'm very concerned about that and the impact on affordability and the increase of debt always on students. Now, your budget request includes two programs to support higher education reform—

a new Race to the Top competition and the First in the World competition. So my question basically is: How will these programs incentivize States and institutions to make college more affordable?

Secretary DUNCAN. So I think it's a really good summary there. The other challenge I hear when I talk to Governors is they feel, rightly or wrongly, but many Governors feel that when they ask for better outcomes and increased graduation rates, they feel resistance from higher education there. They sort of feel that higher education just wants a blank check.

So I think all of us have to come to the middle. We have to find common ground. I want to challenge Governors to invest in States, to invest—to be clear, I'm not telling them to invest in the status quo. We've got to get to some kind of focus on outcomes, focus on completion, focus on helping first-generation college goers and Pell grant recipients get through. It's not just about access; it's about completion.

#### RACE TO THE TOP AND FIRST IN THE WORLD

So what we want to do is, obviously, the Race to the Top higher education program would focus on States and institutions of higher education, again, investing, keeping costs down, working on completion. And then with First in the World—there's a lot of really interesting work going on around course redesign and using technology in very different ways. And it's fascinating to me. You have universities who used to historically take pride in saying this at every intro-class: "Look to your left. Look to your right. One of these people isn't going to make it through." And that was like a source of pride. Well, that's not the goal. The goal is to increase graduation rates, not to throw people out the back end.

So what can we do with technology in different ways? We're very interested in moving away from a focus on seat time to competency. If someone knows the content, do they need to sit in that chair for an entire semester, an entire year? Or can we get them credit for what they actually know? So what we want to do is to spur innovation and to do it at sort of the micro level through First in the World, but at the macro level through Race to the Top.

Senator HARKIN. Thank you very much, Mr. Secretary.

Senator Moran.

Senator MORAN. Mr. Secretary, thank you very much. Just a couple of follow-up questions.

#### EDUCATION FUNDING FOR RURAL COMMUNITIES

First of all, it seems to me there's a theme here, and particularly, I guess, the rural nature of the makeup of this subcommittee. But what do you take from the kind of consistent concerns that are expressed here about the inability for rural States to compete for Race to the Top funding or other grant programs? What is it that the Department can do to assure Kansans that they're going to be adequately able to compete for those grants? It just doesn't happen.

Secretary DUNCAN. Well, it's not quite that stark. It's a real issue, and I want to address it head-on. But, just to give you a counter example again—so when we started the School Improvement Grant program, turning around the Nation's underperforming schools, I heard a lot of, you know, legitimate concern from the



rural community: "We can't compete. We can't do whatever. My numbers won't be perfect."

But of the number of schools that need to be turned around, about 20 percent are in rural communities. The rural communities have actually gotten 23–24 percent of the money. So they've actually gotten a disproportionate share of the resources, slightly. So a lot of those fears, we think, again, given the facts, the reality on the ground, don't bear that out. I can take you sort of program-by-program, offline, through what has been invested in innovation—what we've done in terms of absolute priorities and set-asides, through Promise Neighborhoods. You should absolutely hold us accountable for that.

#### PRESCHOOL FOR ALL

And again, the big thing on this Preschool for All is this is a large enough pot for all to benefit. Our goal would be to invest in every State, if States—again, to be clear, this is not a free lunch—States would have to invest in early childhood education, have to meet us, you know, have to be in a partnership there. But we want to play in rural communities. We have played in rural communities. We know how important that is to our country and to our country's economy.

And I've spent—being a boy from Chicago, obviously, it was not my background—but, I promise you, I've spent a huge amount of my time in rural areas to listen, to learn, to understand the challenges. Technology is a piece of that. We got into that. But again, happy to have a further conversation there.

#### COMPETITIVE ABILITY OF RURAL EDUCATION DISTRICTS

Senator MORAN. I'm interested in your response, of course. But it does seem like there's a consistent theme here this morning that we all have concerns. And maybe your answer is that our concerns—I know you wouldn't say this in these words. But you're suggesting, though, that they're unjustified, that we're actually receiving a larger percentage than—

Secretary DUNCAN. No. No. I gave you one example. I'm not suggesting they're unjustified at all. I'm just trying to suggest that we take it very, very seriously. And where it is justified, we want to hold ourselves accountable and figure out how we can be smarter. And hopefully, you'll see now with the evolution of the past couple of years, I think we've gotten more sophisticated in terms of absolute priorities and competitive priorities for competitive grants to make sure that rural communities are represented in what we do.

Senator MORAN. I think one of the problems is that, you know, rural school districts don't have the personnel to do the application process, and the Federal regulations related to this are huge. The application is, I don't know, 40 pages. And in many instances, I would guess we don't apply. But it's the burden in the application that causes us not to apply.

Secretary DUNCAN. Yes.

Senator MORAN. I appreciate your interest in spending time in rural schools. You and I had a conversation a couple of years ago. I'd like to re-invite you back to Kansas. You were kind enough, wise enough to grant McPherson, Kansas, a waiver from No Child

Left Behind. They had a different plan using ACT scores. And we'd love to come show you a rural setting in which no Federal money, just a decision by a local board of education tried to do something better.

Secretary DUNCAN. That wasn't our wisdom. That was their courage and leadership. And again, wherever anyone is raising the bar and not lowering the bar, we have to partner. We have to be all ears. So we get none of the credit there, and they get all of the credit. And I would love to follow up and see how things are going there.

Senator MORAN. We would love to have you come to Kansas and have this conversation.

#### TRIO PROGRAMS AND COMPETITIVE PREFERENCES

Finally, let me follow up on Senator Tester's comments about TRIO programs. We had four Upward Bound programs, one-third of our Upward Bound programs eliminated in the last competition. And it seems to us, and we've communicated this with the Department, that there was a change in something. Several competitive preference priorities changed.

In my view, without the knowledge of the applicants who were seeking those funds, and it excluded a number of those programs in Kansas. And we would continue to try to work with the Department of Education to make sure there is not—and what those competitive preferences, the results seemed to be a bias against rural programs, small high schools. So we would continue to promote the aspect of the rural nature and work with the Department to try to solve that problem.

Secretary DUNCAN. We will do. And just again to go back or again, look at what we've done around absolute priorities in rural communities, look at what we've done to encourage districts to apply, not individually, but as consortia so that there's not one district doing it by themselves.

But where you think we're not doing enough or where you have creative ideas of how we can do a better job, again, we absolutely want to be a good partner there.

Senator MORAN. Mr. Secretary, thank you. Thank you for your service.

Senator HARKIN. Thank you, Senator Moran.

Let's see. Senator Tester.

Senator TESTER. Yes, thank you, Mr. Chairman.

I want to talk about two things. The second one is college affordability, and we've talked about that ad nauseam, but I haven't said anything about it, so I'm going to do it.

#### IMPORTANCE OF QUALITY PRINCIPALS AND TEACHERS

But the first thing is that—I mean, we've talked a lot about technology, and we've talked a lot about innovation. And maybe I'm stuck in the 1960s and 1970s when I went to school. But we haven't talked much about teachers. And when I was in school, you know, you had to have a—I mean, the kids who had a good family had an advantage. People who had some dough had an advantage. But, man, those teachers can make such a big difference.

And in order, you know—the problem I had with No Child Left Behind wasn't that, and you make a good point, wasn't that we pointed out the ones that failed. It was that we taught kids how to take tests. And that doesn't do one thing for us. We need to teach kids how to think and how to think critically.

And is there anything in this budget that you think helps empower teachers to be able to be creative and be able to touch kids and be able to move forth in a way that gets to those kids, especially those at-risk kids? I mean, that's what's going to drive our economy, from my—and that's going to keep the kids off of Medicaid. And that's going to get them a good job and make them into taxpayers and all those things. Can you talk about that for a second?

Secretary DUNCAN. There's nothing more important that we can do than to get a great principal into every school, because leadership matters tremendously, and to get great teachers into every classroom. And I think some folks think technology is replacing teachers. That's never going to happen. To me, it's great technology to empower great teachers to better serve their students. And so there's no—people love to create conflict. There's no conflict there.

#### RESPECT INITIATIVE

So there's a number of things we haven't talked about. But one of what we ask for in the budget is a \$5 billion program behind what we're calling our RESPECT initiative. And we want to do everything we can to attract the next generation of great talent into teaching, to better support that talent already in teaching, to build better career ladders. And we want to make a massive investment here. It's been something the President talked about last year in the State of the Union. It didn't get funded. We're coming back at it.

But I think there's so much we need to do to attract a larger pool of talent to come in to better mentor and support them and to build better career ladders.

#### TEACHER SALARIES

Senator TESTER. Can you just tell me how that's going to happen? How are you going to attract—how are we going to attract them? I mean, there are some great people out there who are teachers who become something else, who would be great teachers who do something else simply—let me give you an example.

Two kids, one of them is a teacher, one of them is a nurse. Right out of school, the nurse started making probably \$15 grand a year more than a teacher. Both important positions.

Secretary DUNCAN. Yes. So I've been very public that I think we need to pay teachers significantly more. We need to start teachers at much higher salaries. I think a great teacher should be able to make \$140–\$150 grand. You pick a number. That's an investment. But again, great teachers—there is a fascinating study by economists named Raj Chetty, John Friedman, and Jonah Rockoff, that states the impact of replacing one mediocre teacher with one good teacher meant \$266,000 more in lifetime earnings for a single classroom of students.

So we want to start teachers at better salaries. We want to better support them. We want to have meaningful career ladders. And we want them to be able to make a lot more money over the course of their career.

#### RECOGNIZING SUCCESS, PROFESSIONAL AND TEACHING EXCELLENCE

Senator TESTER. Okay. So the \$5 billion is going to be used for what?

Secretary DUNCAN. The \$5 billion for REPECT would support—again, all this stuff. We want to have local buy-in. But we would invest in either districts or in States who would be willing to think about these things in an entirely different way. How we recruit, how we support, how we compensate, how we build career ladders.

#### COLLEGE AFFORDABILITY AND STUDENT LOAN INTEREST RATES

Senator TESTER. Okay. A lot of folks have talked about college affordability. And the administration has proposed a new system—and correct me if I'm wrong—where new rates would be set each year based on market rates and then left flat. Jack talked about it a little bit, and others have talked about it. It sounds really good right now when interest rates probably aren't going to get any lower than they are right now.

But I remember in the 1980s when interest rates were 20 percent, it wouldn't sound very good under those circumstances. Have you guys thought about caps at all, number one? And number two, have you thought about ways to be able to cushion it? Because, quite frankly, if interest rates are high, we're in trouble.

Secretary DUNCAN. Yes. No, we'll be having conversation on all these things. Again, I just go back to the premise where I started. I want to get out of trying to fix this every single year and want to try and fix it for the long haul.

Senator TESTER. Yes. I agree.

Secretary DUNCAN. So how we get there, that's something we need to work out with all of you. We don't want to put students in a bad position. But we want to have a long-term fix.

#### STUDENT LOAN DEFAULT RATES

Senator TESTER. Okay. And this may be a question for Tom. What are the default rates for college kids, college loans?

Mr. SKELLY. The rates have been going up.

Senator TESTER. The default rates?

Secretary DUNCAN. Yes.

Mr. SKELLY. The default rates have been going up during the bad patch in the economy. They've slipped up. They're more like 8 percent now. They were lower. They were down around 5 percent. We're looking—we look at rates now over a 3-year period, the cohort default rate for the 3 years after kids finish. That was a recent change in the law. And schools that have higher default rates have to take steps or they get kicked out of the program.

Senator TESTER. Have you guys thought about—I mean, giving some kids some advantages if they pay those loans off so that if they pay those loans off they can actually maybe get a loan for a house or something like that? Have you talked to our friend in

HUD to see if there's any possibility of—well, I don't care; just thinking outside the box—so that if we can drop those default rates, then you drop that 2 percent that you have to tack onto those rates down pretty dramatically, right?

Mr. SKELLY. That comes down, yes.

Senator TESTER. Yes.

Mr. SKELLY. We also do a good job of collecting on defaulted loans. Loans do go into default and delinquency, and we try to get them back into repayment quickly.

#### STUDENT LOAN REPAYMENT PLANS

Secretary DUNCAN. We also put in place some things like Pay As You Earn, so trying to cap, you know, loan repayments going forward to 10 percent of income so folks making more money pay more; folks making less pay less. And then if you go into public service, after 10 years, loan forgiveness.

Senator TESTER. Okay. Yes. You're right in a lot of those things. I just think that college affordability for my kids was a whole lot different than college affordability was for my parents or me. And it's gotten a lot worse in the last 10 or 15 years.

Secretary DUNCAN. Whether I'm at the dry cleaners or the grocery store, or on an airplane, this is a huge issue that is, unfortunately, almost crushing too many American families.

Senator TESTER. Well, thank you. You've got a tough job. I appreciate your work, and I look forward to working with you.

Senator HARKIN. Senator Cochran.

Senator Merkley.

Senator MERKLEY. Thank you, Mr. Chair.

#### ACADEMIC CALENDAR AND INSTRUCTIONAL TIME IN SCHOOLS

Mr. Secretary, I wanted to ask. And I ask this from the viewpoint of a parent with children in the same high school that I attended. It seems like the school hours have decreased significantly in my State.

Secretary DUNCAN. Increased or decreased?

Senator MERKLEY. Decreased.

Secretary DUNCAN. Decreased. Yes.

Senator MERKLEY. Have decreased significantly—longer breaks, more half-days, more full days. When we look at the United States over, say, the last 30 years, has there been a decrease in school hours of instruction? And when we compare the United States to other developed nations with which we compete in a global knowledge economy, how do our K-12 hours of instruction compare?

Secretary DUNCAN. We are putting our children at a competitive disadvantage. And if we average whatever it is 175, 180 days, depending on the State—in many other countries, it's 200, 210, 220, 225. And it is a very, very real concern. And so, I usually get booed by children when I talk about this, and parents appreciate it, but longer days, longer weeks, longer years would be good.

As you know, our school calendar is based upon the agrarian economy. Not too many of our kids will work in the fields anymore. And the fact that we have so much, what I call, summer reading loss, where teachers work hard and get children to a certain point

in June and they come back in the fall and they're further behind than when they left, makes no sense whatsoever.

And so we have pushed very, very hard to try and go in the opposite direction. This is difficult in tough economic times. There are some States, some outside foundations, that are doing some really creative things.

But to be very, very clear, I'm very concerned that our children are at a competitive disadvantage versus children in other countries who have more time in the academic calendar.

#### RESOURCES FOR PRESCHOOL OR LONGER ACADEMIC YEAR

Senator MERKLEY. So for, more or less, 175 days—I assume that's kind of equalized by hours per day and so forth versus 210 in other developing or other developed economies. One thing I wrestle with is, for example, the initiative we're talking about now that the Department has put a lot of weight on, on early childhood education, funding for pre-K. I know the more we learn about the brain, the more we know how important those early years are.

Does that make more sense, and I guess the answer is yes because that's what you're proposing than trying to regain school days and be somewhere closer to the world standard in instructional time?

Secretary DUNCAN. So it's a great question. I think we have to, in my mind, we have to try and do all of these things simultaneously. So I'm just convinced we have so many children coming to kindergarten, entering school a year, a year-and-a-half behind. That to me is just untenable. I keep saying we have to get out of the catch-up business. So for me, we have to get that early learning foundation to a better spot. And again, the ROI, the return on investment for this for the young people—you know, for the next four decades is pretty extraordinary. So from a taxpayer standpoint, it's arguably the best investment we can make.

Simultaneously, we need to work on having longer days. And the different ways to do it—you know, bring in more nonprofit partners, community-based organizations after school. For me, the school buildings have to be open longer. You can have sports and dance and art and drama and music and tutoring and GED for parents and ESL and family literacy and the whole variety of things where schools become community centers that are really important, to me, where it doesn't take a lot more money.

We also have to invest in higher ed. So I wish we had the luxury of just doing one thing for a couple of years. We don't have that luxury. So I think the investment in early childhood education is critically, critically important. And we have to get that done. But if we get that done, it's not like we can sort of step back and say, "We're there." We have to work on K-to-12, and we have to work on higher ed, and we have to do it all at the same time.

#### COST OF EXTRACURRICULAR ACTIVITIES

Senator MERKLEY. So one more thing I've observed, just on the ground in terms of my own community and the kind of effect, is my son went through the doors of the high school 40 years after I did. So it's a four-decade gap. My daughter is a year behind my son. But when I went through, again in a working-class commu-

nity, the extracurricular activities were free. They were free. Now there are fees on all kinds of activities.

And what we're seeing—and I'm saying this just in terms of my community—it appears like greatly decreased participation by students. And I'm wondering to what degree this has been looked at, because my suspicion is that, as children don't join the extracurricular activities, which help them burn off energy in sports and help them be excited about being part of school and so forth, that their academic performance as well would be affected.

Are school fees for participation in extracurricular activities a problem in our system?

Secretary DUNCAN. It's a huge problem, and this comes to our Nation's disinvestment in education. And it's not just in fees. There are a lot of places where these programs have been eliminated. And again, whether it's drama, art, or sports, or debate, or academic decathlon, or yearbook, or whatever, model UN, whatever it might be, those extracurriculars are critical to keeping young people engaged in school and excited about coming to school.

I always joke, I didn't necessarily love to go to high school to take Algebra II. But I wanted to play on the basketball team. To do that, I had to do well academically. And what is so frustrating to me, Senator, is that—you hit the nail on the head—that I promise you in wealthier communities, these things aren't extra. This is part of the norm. This is what kids get.

#### DISENGAGEMENT OF STUDENTS AND DROPOUT RATE

And for all the improvements I talked about, our dropout rate in this country is unacceptably high. We have about a 25 percent dropout rate. Those young people have no chance to make it in today's economy.

And so if you want to reduce the dropout rate, one of the best things you can do is to have more extracurricular activities and keep students engaged in their learning every single day. And so when we, as a Nation, walk away from those kinds of things, I just think we do our children, and ultimately our country, a real disservice. There's no upside there. There's none.

Senator MERKLEY. I'll just summarize by saying that the overall conversation we're having about shrinking school days, fees on extracurricular activities having a detrimental impact, discouragement among students because of the high cost, the daunting cost, of college equates to we are doing a poorer job of providing education to our children than our parents did for us. And that is completely unacceptable. It's—we should be all ashamed of that. And we must figure out how to do it differently.

Secretary DUNCAN. And just to be very clear, this is not the tack, this is not the strategy that our international competitors are taking. They are investing in education. They are investing in innovation. There's a real commitment there. They know that's the best way to build a strong and vibrant economy.

Senator MERKLEY. Thank you.

Senator HARKIN. Thank you, Senator Merkley.

I sent a letter to the Inspector General of the Department of Education, Kathleen Tighe, in which she sent her response. I would like to submit both letters to be included in the record.

UNITED STATES SENATE, COMMITTEE ON APPROPRIATIONS  
*Washington, DC, April 15, 2013*

The Honorable KATHLEEN TIGHE  
*Inspector General  
 United States Department of Education  
 Office of Inspector General  
 400 Maryland Avenue, SW  
 Washington, DC 20202-1500*

DEAR INSPECTOR GENERAL TIGHE: Thank you for your leadership of the Office of the Inspector General (OIG) and your efforts to promote the efficiency, effectiveness and integrity of the Department of Education's programs and activities. Your office plays a critical role in ensuring that taxpayer resources are spent in the most efficient and effective manner possible.

To that end, I am interested in receiving your view of the greatest threats and vulnerabilities to programs and activities of the Department of Education. I would also like you to provide the status of recommendations from the OIG's work for each of the past 4 years and discuss any recurring issues within the Department that need to be addressed by the Department. I am particularly interested in seeing your evaluation of the effectiveness of the Department's improved audit follow-up process. As you are aware, timely closure of audit recommendations is a critical element of preventing future issues and recovering any misused or misspent funds identified during the course of the OIG's work. Lastly, I would like to receive specific information about the impact of sequestration on the OIG's staffing and work in the current fiscal year. I will make your response to these issues a part of the hearing record for the April 17, 2013, hearing with Secretary Duncan.

Thanks again for your leadership of the OIG and for the role you play in making sure that resources provided to the Department are spent as intended.

Sincerely,

TOM HARKIN  
*Chairman  
 Subcommittee on Labor, Health and Human  
 Services, and Education, and Related Agencies.*

UNITED STATES DEPARTMENT OF EDUCATION,  
 OFFICE OF INSPECTOR GENERAL  
*Washington, DC, April 26, 2013*

RESPONSES TO QUESTIONS FOR THE RECORD, SUBCOMMITTEE ON LABOR, HEALTH AND  
 HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES

*Question.* What is your view of the greatest threats and vulnerabilities to programs and activities of the U.S. Department of Education (Department)?

The Office of Inspector General (OIG) presents its view of the greatest threats and vulnerabilities to the Department's programs and activities through its annual Management Challenges report. As required by the Reports Consolidation Act of 2000, OIG must identify and report annually on the most serious management challenges facing the Department. For fiscal year (FY) 2013, we identified four management challenges facing the Department: (1) improper payments, (2) information technology security, (3) oversight and monitoring, and (4) data quality and reporting. A summary of each of these challenges is below. A more detailed discussion of these challenges can be found in our FY 2013 Management Challenges report, which is available on our Web site (<http://www2.ed.gov/about/offices/list/oig/misc/MgmtChall2013a.pdf>). We believe that this report is a valuable tool for Department officials to use in their efforts to address the management and performance issues identified, and we are committed to helping them do so. This includes conducting additional work in these challenge areas throughout FY 2013. You will find detailed information on these and our other high-priority efforts in our FY 2013 Annual Plan, which is available on our Web site (<http://www2.ed.gov/about/offices/list/oig/misc/wp2013.pdf>).

*Management Challenge—Improper Payments*

In FY 2010, the Office of Management and Budget designated the Federal Pell Grant (Pell) program as a high-priority program. The Department estimated that the Pell program had \$993 million in improper payments in FY 2011 and \$829 million in FY 2012. The Department also identified the William D. Ford Federal Direct Loan (Direct Loan) program and Federal Family Education Loan (FFEL) program as susceptible to significant improper payments in FY 2012. Our recent work has



found that although the Department is making progress, it must intensify its efforts to successfully prevent, identify, and recapture improper payments. For example, our March 2013 audit of the Department's compliance with improper payment requirements found flaws in the Department's methodologies for the Pell, Direct Loan, and FFEL programs.

*Management Challenge—Information Technology Security*

The Department collects, processes, and stores a large amount of sensitive personally identifiable information, such as names and social security numbers of employees, students, and other program participants. OIG has identified repeated problems in the Department's information technology security and its ability to combat threats and vulnerabilities to its systems and data. For example, OIG's FY 2012 report on the Department's compliance with the Federal Information Security Management Act of 2002 noted that 6 of the 11 security control areas reviewed contained repeat findings from OIG reports issued during the prior 3 years. Further, the last three audits of the Department's financial statements identified information technology controls at the Department as a significant deficiency. Although the Department has provided corrective action plans to address most of our recommendations, vulnerabilities continue to exist.

*Management Challenge—Oversight and Monitoring*

Effective oversight and monitoring is a significant responsibility for the Department given the number of different entities and programs requiring monitoring and oversight, the amount of funding that flows through the Department, and the impact that ineffective monitoring could have on stakeholders. Four areas included in this management challenge are (1) student financial aid program participants, (2) distance education, (3) grantees, and (4) contractors.

*Student Financial Aid Program Participants*

The Department must effectively oversee and monitor student financial aid program participants to ensure that the programs are not subject to fraud, waste, abuse, or mismanagement. The Department estimated that \$193.5 billion will be used for Federal student aid in FY 2013. We completed several reviews in FY 2011 and FY 2012 that identified weaknesses relating to the Federal Student Aid office's (FSA) oversight and monitoring activities. Additionally, our external audits of individual program participants have frequently identified noncompliance, waste, and abuse of Federal student aid program funds. OIG investigations have identified various schemes by student financial aid program participants to fraudulently obtain Federal student aid funds. Although the Department is working to address weaknesses and deficiencies in student financial aid oversight and monitoring, our work continues to identify serious problems.

*Distance Education*

Management of distance education programs presents a challenge for the Department and school officials because of limited or no physical contact to verify the student's identity or attendance. OIG audit work has found that for distance education programs, schools face a challenge in determining when a student attends, withdraws from school, or drops a course. These factors are critical because they are used to determine the student's eligibility for Federal student aid and to calculate the return of funds if the student withdraws or drops out. Another area of concern involves distance education "fraud rings"—large, loosely affiliated groups of criminals who seek to exploit distance education programs in order to fraudulently obtain Federal student aid. Because all aspects of distance education take place through the Internet, students are not required to present themselves in person at any point, and institutions are not required to verify prospective and enrolled students' identities. As a result, fraud ringleaders have been able to use the identities of others (with or without their consent) to target distance education programs. Fraud rings mainly target lower cost institutions because the Federal student aid awards are sufficient to pay institutional charges, such as tuition, and the student receives the award balance to use for other educational expenses, such as books, room and board, and commuting. In 2011, we issued a report on fraud rings that offered nine specific actions for the Department to take to address this type of fraud. Although the Department has taken some action to mitigate fraud rings, work still remains. In January 2013, we provided the Department with the results of our risk analysis related to student aid fraud rings, which estimated a probable loss of more than \$187 million in Federal student aid funds from 2009 through 2012 as a result of these criminal enterprises.

### *Grantees*

The Department's early learning, elementary, and secondary programs annually serve more than 13,000 public school districts and 49 million students attending more than 98,000 public schools and 28,000 private schools. The Department is responsible for monitoring the activities of grantees to ensure compliance with applicable Federal requirements and that performance goals are being achieved. OIG audit and investigative work has identified a number of weaknesses in grantee oversight and monitoring. These involve weaknesses in fiscal and internal controls at State and local educational agencies and in the Department's oversight processes. The OIG also identified fraud perpetrated by officials at State and local educational agencies and charter schools.

### *Contractors*

The value of the Department's active contracts as of November 30, 2012, was about \$5.3 billion. Once a contract is awarded, the Department must effectively monitor performance to ensure that it receives the correct quantity and quality of products or services for which it is paying. OIG has identified issues relating to the lack of effective oversight and monitoring of contracts and contractor performance, including the appropriateness of contract prices and payments and the effectiveness of contract management. In 2012 we found that the Debt Management Collection System 2 (DMCS2), FSA's system for managing defaulted student loans that was updated by a contractor, was unable to accept transfer of certain defaulted student loans from FSA's loan servicers. Since DMCS2 was implemented in October 2011, the entities that service Federal student aid loans have accumulated more than \$1.1 billion in defaulted student loans that should be transferred to the Department for management and collection. Because DMCS2 has been unable to accept transfer of these loans, the Department is not pursuing collection remedies and borrowers are unable to take steps to remove their loans from default status. The inability of DMCS2 to accept these transfers also contributed to a material weakness in internal control over financial reporting that was identified in FSA's fiscal year 2012 financial statement audit. Based on our interaction with FSA officials to date, FSA has yet to implement effective corrective action to bring these affected loans into collection, correct the problems with DMCS2, and pursue contractual remedies.

### *Management Challenge—Data Quality and Reporting*

The Department, its grantees, and its subgrantees must have controls in place and effectively operating to ensure that accurate, reliable data are reported. The Department uses data to make funding decisions, evaluate program performance, and support a number of management decisions. State educational agencies annually collect data from local educational agencies and report various program data to the Department. Our work has identified a variety of weaknesses in the quality of reported data and recommended improvements at the State and local level, as well as actions the Department can take to clarify requirements and provide additional guidance. Ensuring that accurate and complete data are reported is critical to support effective management decisions.

*Question.* What is the status of recommendations made from the OIG's work for each of the past 4 years, and discuss any recurring issues within the Department that need to be addressed?

Office of Management and Budget A-50 Circular, "Audit Followup", requires agencies to establish systems to assure the prompt and proper resolution and implementation of OIG audit recommendations. The Circular states, "Resolution shall be made within a maximum of 6 months after issuance of a final report . . . Corrective action should proceed as rapidly as possible." The Circular provides definitions as follows:

—*Audit Resolution.*—The point at which the audit organization and agency management or contracting officials agree on actions to be taken on reported findings and recommendations.

—*Corrective Action.*—Measures taken to implement resolved audit findings and recommendations.

The Department tracks audit resolution and implementation of corrective actions related to OIG products in its Audit Accountability and Resolution Tracking System (AARTS). The Office of the Chief Financial Officer maintains this system, which includes input from OIG and responsible program officials. AARTS includes recommendation-level detail for all reports where the Department is directly responsible for implementing corrective action (internal audits). The system includes less detailed information on the status of individual recommendations made to non-Federal entities, such as State educational agencies, local educational agencies, institu-

tions of higher education, contractors, or other grantees (external audits.) To address this question, we focus only on internal audit reports—reports that include recommendations for which the Department is directly responsible for implementing corrective action.

For the time period requested (April 1, 2009, through April 17, 2013), OIG issued a total of 71 internal audit products that contained 564 recommendations. For those 564 recommendations, the data in AARTS shows that:

- 466 recommendations have been resolved, with all corrective actions completed.
- 356, or about 76 percent, of these recommendations were resolved timely.
- 80 recommendations have been resolved, but corrective actions not yet implemented.
- 63, or about 79 percent, of these recommendations were resolved timely.
- 18 recommendations have not yet been resolved. Those 18 recommendations are categorized as follows:
  - 8 of the recommendations were included in audit products issued within the last 6 months (November 1, 2012, through April 17, 2013). These recommendations are not considered overdue for resolution.
  - 9 of the recommendations were included in audit products issued between 6 and 12 months ago (April 1, 2012, through November 1, 2012). These recommendations are considered overdue for resolution.
  - 1 of the recommendations was included in an audit product issued more than 12 months ago. This recommendation is considered overdue for resolution.

While the Department is more successful in addressing recommendations in internal audit reports, it has a significant backlog in addressing recommendations in external audit reports. In 2012, we issued an audit of the Department's external audit resolution processes. The audit reported longstanding challenges in the Department's external audit resolution processes, including:

- Untimely resolution of audits that has (1) impacted the potential recovery of funds due to the statute of limitations applicable to monetary recommendations made in audits of entities (such as State educational agencies and local educational agencies) and (2) delayed corrective actions by auditees;
- Ineffective internal controls over audit resolution and followup, such as the failure to ensure compliance with OMB Circular A-50; and
- A lack of the following: staff to conduct resolution activities, training so that staff has sufficient knowledge to effectively conduct resolution activity, organizational priority placed on audit resolution activities, and overall accountability.

As stated above, because the Department does not maintain recommendation-level detail for external audits in AARTS, the number of open recommendations and recommendations that have been implemented cannot be determined without an in-depth review of each audit report and confirmation of the status of corrective actions taken by the external entities. The Department, unlike other agencies, has various legal requirements for State and local educational agencies that it must apply before it can require the return of funds as a result of an audit finding. As a result, external audits with potential monetary recoveries require additional work by the Department and can require more time to resolve than external audits with only non-monetary findings or internal audits.

The key recurring issues that we have identified from our audit work are highlighted in our management challenges discussed above. In particular, our work on information technology security has resulted in repeat findings in areas where the Department has put in place corrective action plans to address our past work. We have also found recurring issues in the areas of grantee and contractor oversight and monitoring and in data quality and reporting.

*Question.* Have you evaluated the effectiveness of the Department's improved audit follow-up process?

In November 2012, in response to our audit of the Department's external audit followup process and under the direction of the Deputy Secretary, the Department convened a high-level audit governance panel to improve the audit resolution process. The OIG is serving on this panel in an advisory role. The panel has been meeting periodically and as of April 2013, it has identified categories of problems with the current audit resolution process. Examples of problems include human resources, quality and timeliness, communication, and workload capacity. The panel is formulating corrective action plans and goals to address each problem area. At the same time, the Department has established an improved tracking system and better communication between offices. The attention of senior management has already resulted in reductions to the backlog of open internal audits.

We will continue to monitor the Department's progress and will evaluate the effectiveness of the Department's improved audit followup process and corrective actions to address audit recommendations.

*Question.* Please share specific information about the impact of sequestration on the OIG's staffing and work in the current fiscal year.

The sequestration resulted in a 5 percent cut to OIG's budget, which had already been flat-lined at approximately \$60 million for the last three fiscal years (FY). Further, another .2 percent reduction was levied on our sequestered budget for FY 2013. We have been trying to make the most of our limited resources in order to meet our mission. Doing so, however, has not been without difficulty, given the increased costs in nearly all aspects of our operations. Our budget will result in fewer OIG employees and a consequent decrease in audits and investigations, as well as reduced travel and training that will impact the breadth of our work.

#### *Staffing*

For more than 32 years, the OIG has worked to promote the efficiency, effectiveness, and integrity of the Department's programs and operations. We conduct independent audits, investigations, inspections, and other reviews, and based on our findings, make recommendations to the Department to address systemic weaknesses and initiate administrative actions. We also recommend changes needed in Federal laws, regulations, and in the guidance the Department provides to its grantees, partners, and program participants. Performing this work requires a variety of specialized professionals, including financial and performance auditors, criminal investigators, financial analysts, information technology professionals, inspectors, management and budget analysts, attorneys, and other business and support professionals. In FY 2005, we operated with 305 employees. At the start of FY 2013, we were operating with approximately 272 full time and term employees on board. As a result of our limited budget and sequestration, we eliminated a number of expenditures that support our work (e.g., non-mandatory training, supplies, subscriptions, reimbursement programs). However, because employee pay, compensation, and benefits comprise 69 percent of our overall budget, by far OIG's largest expense, reductions in our staffing level were unavoidable. Thus, we took or will take the following actions:

- In FY 2012, we limited our hiring to replace only essential positions.
- In FY 2013, we imposed an overall hiring freeze.
- As of May 3, 2013, we will have released the remaining 4 term employees and will be operating with approximately 267 full time staff.
- For FY 2014, we anticipate using the Voluntary Early Retirement Authority and Voluntary Separation Incentive Payment authority in an effort to reduce our staff by another 5 to 15 employees in order to provide adequate funds to meet our operational needs at the sequestered level we now find ourselves.

In testimony that I presented before the Government Oversight and Reform Committee of the U.S. House of Representatives in March, I stated that we expected to furlough all OIG staff for approximately 10 days. Since then, however, the Department has told us that it proposes to use its transfer authority to provide some funding to the OIG, which would reduce our expected furlough days by at least half and perhaps more. After undertaking an independence analysis both in terms of the Inspector General Act and Federal Government auditing standards, we determined that nothing prohibited our accepting this additional funding. We will use it to pay for our portion of the statutory financial statement audit, which is performed by an independent auditing firm under our supervision. We notified our Congressional appropriators of the possible funds transfer.

#### *Training*

As mentioned above, the work we conduct requires specialized and knowledgeable professionals. A number of these professionals must maintain specific certifications and normally take additional training to expand existing skills, learn new techniques and best practices, and understand emerging forms of fraud in Government programs so that they can best combat them. Our auditors are required to comply with a Federal Government auditing standard requirement that they receive 80 hours of professional training every 2 years. Further, our criminal investigators are also required to receive specific quarterly firearms training in order to maintain their law enforcement authority. Our auditors and investigators compose approximately 72 percent of OIG staff. For FY 2013, we reduced our already slim training budget by 61 percent, thereby eliminating all training except mandatory training, training for professional certifications, and law enforcement training. Although this reduction allowed us to continue to meet our bare minimum training requirements,

it resulted in reliance on a body of free or low-cost training that, over the long run, will not allow us to fully address our staff's training and development requirements.

#### *Travel*

For FY 2013, we have reduced our travel budget by 11 percent. To date, we have eliminated training-related travel, eliminated all travel by managers to regional offices, and delayed starting several audit projects that involved large amounts of travel.

Although the reduction in our travel budget will not impact the quality of our work, it will, particularly when combined with our reduction in staff, impact the reach of our efforts. We are an office that depends in large part on travel to meet our audit and investigation mission requirements. With the cuts to travel, we anticipate that nationwide audit projects may need to be scaled back to cover fewer sites (i.e., State educational agencies, local educational agencies, institutions of higher education). This may be the case with two of our more significant planned audits where we would like to incorporate as many sites as possible—our audit of Race to the Top (RTT) recipient performance, which seeks to determine whether selected recipients are making substantial progress within the RTT educational reform areas, and our audit of the impact of Elementary and Secondary Education Act (ESEA) flexibility waivers, which seeks to determine whether approved State educational agencies are successfully implementing selected aspects of the plans contained in their applications for ESEA flexibility.

We expect that we will also need to limit the number of criminal investigations we open and focus our investigative resources in geographic areas that can be serviced more effectively and without incurring high travel costs.

#### *Impact on Work*

As your letter correctly points out, sequestration will have both an immediate and longer-term impact on our oversight and investigatory abilities. The reduction in our funding leads to a reduction in staff and a reduction in tools staff need to perform their jobs, such as travel, which reduces our work output. For example:

- We must first complete our statutory audit assignments that we are required to conduct each year, followed by only our highest priority work. This limits our ability to identify potential waste, fraud, and abuse.
- We have cancelled contractor support for our Federal Information Security Management Act audit that has caused us to downsize the scope and coverage of the audit and limit the type of technical testing we will conduct on the Department's and FSA's data systems and infrastructure.
- We have cancelled contractor support for our development of analytical tools and risk models that will reduce our ability to identify patterns of fraud and emerging risk and better target our audit and investigative work.
- Our approach to nationwide audit projects may need to be revised as a result of reduced travel funds, while continuing to assure adequate audit coverage.
- Reductions in staff will reduce the number of audit-related assignments we can conduct in a year and the timeliness of our work.
- Reductions in staff and resources will force our investigators to be much more selective about the types and locations of cases we can commit to investigating and significantly increase our financial loss threshold for commencing an investigation.
- Prosecutions and recoveries may be reduced due to the reduction in investigative staff and the number of cases they can handle.
- It is unlikely that we will have the staff or other resources to conduct unplanned work in a timely manner that is often requested by our stakeholders, including the Department and Members of Congress.

As you can see from the information provided above, we have already downsized our operations as a result of our flat-lined appropriations over the last several years. The reductions mandated by the sequestration, however, have accelerated downsizing to the point where we simply will not be able to provide the audit and investigative coverage we feel is necessary to best ensure that Department programs and operations are achieving intended results. We will, however, continue to make the most of our limited resources and ensure that all the work we do continues to provide value to the Department, taxpayers, and most importantly, to America's students.

KATHLEEN S. TIGHE  
Inspector General,  
U.S. Department of Education.

## ADDITIONAL COMMITTEE QUESTIONS

Senator HARKIN. Thank you, Secretary Duncan, and thank you for your great leadership of the Department of Education. We look forward to working with you. We will develop this bill. I think Senator Moran and I might have some disagreements on this and that, but the one thing I think we do agree on is moving the process and getting a bill through and having an open amendment process and letting people be heard and let them offer amendments and move the darn thing along.

So, hopefully, we can get that done. Look forward to working with you as we do that.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

## QUESTIONS SUBMITTED BY SENATOR TOM HARKIN

## PRESCHOOL DEVELOPMENT GRANTS

*Question.* The President's fiscal year 2014 budget proposes significant investments in increasing the quality of early learning experiences available to children, particularly those from low- and middle-income families. The Department's budget includes \$750 million for Preschool Development Grants that would be made to 8 to 15 States. The Federal Government has several programs that are related in some way to early childhood education, including Head Start, Early Head Start, Child Care Development Block Grants, and Race to the Top: Early Learning Challenge. What would these Preschool Development Grants do that these other programs don't? Please be specific.

*Answer.* Preschool Development Grants would be designed specifically to support the fundamental needs of States willing to create or expand preschool systems that can serve all 4-year-olds in the State. States could use Preschool Development Grant funds to support such quality improvement efforts as making facilities appropriate for preschool-aged children, developing the preschool workforce, and scaling up existing high-quality programs. These efforts would not duplicate the services provided by existing early childhood education programs.

## PRESCHOOL DEVELOPMENT GRANTS TO LOW-CAPACITY STATES

*Question.* In addition, how many of these awards will go to low-capacity States, or those with small State preschool programs or lacking them altogether?

*Answer.* The Department has not established a target number of Preschool Development Grants that would be awarded to low-capacity States.

## USE OF PRESCHOOL DEVELOPMENT GRANTS BY STATES

*Question.* How does the Department anticipate funds being used by both low and higher capacity States?

*Answer.* The Department anticipates all States would use the funds to improve the quality of preschool programs and meet the eligibility criteria for Preschool for All. For example, higher capacity States could use program funds to ensure that existing preschool programs meet the definition of high quality in Preschool for All and to expand such programs to serve more 4-year-olds. Low-capacity States would likely use grant funds to develop the physical and program quality infrastructure necessary for high-quality preschool, including creating and improving facilities designed for 4-year-olds, and supporting the development of preschool teachers and staff.

## SCHOOL IMPROVEMENT GRANTS—SCHOOL TURNAROUND EFFORTS

*Question.* The President's budget targets a proposed increase in School Improvement Grants to strengthen district capacity to undertake and sustain effective school improvement practices. Please describe what efforts districts would undertake with these funds that support school turnaround efforts?

*Answer.* As discussed in the fiscal year 2014 request for School Turnaround Grants, through our monitoring and technical assistance the Department has identified the often limited capacity of local educational agencies (LEAs) to support school

turnarounds as a significant barrier to successful implementation. The \$125 million request for the proposed Supporting and Sustaining School Turnaround Grants competition would support a wide range of LEA-level strategies to address locally identified needs. These strategies include adopting LEA-wide policies for teacher and leader assignment in support of school-level reforms; recruiting and training turnaround leaders; implementing data-based accountability and performance-management tools; creating networks of low-performing schools or pairing low-performing schools with high-performing schools to share turnaround strategies and improve oversight; and increasing parent and community involvement in turnaround planning and implementation. The proposal would also provide resources to help LEAs sustain interventions successfully implemented under the current School Improvement Grants (SIG) program following the end of the regular SIG award period.

#### DEFINING EFFECTIVENESS IN SCHOOL TURNAROUND EFFORTS

*Question.* How would the Department define entities that have demonstrated effectiveness in turning around low-performing schools?

*Answer.* We are currently considering how best to define effectiveness in turning around low-performing schools for purposes of giving priority for Supporting and Sustaining School Turnaround Grants to applicants partnering with entities with such effectiveness. As indicated in response to the following question, the Department might pursue notice-and-comment rulemaking for the first grant competition under this proposed authority and, if so, would include such a priority in that rulemaking.

#### RULEMAKING AND STRENGTHENING DISTRICT CAPACITY FOR IMPROVEMENT EFFORTS

*Question.* Would these new uses of funds require a new rulemaking effort in this area?

*Answer.* The Department is permitted under the General Education Provisions Act (GEPA) to exempt from notice-and-comment rulemaking requirements the first grant competition under a new or substantially revised program authority. We have not yet decided whether we would make use of that GEPA provision in this case.

#### ADDRESSING MONITORING AND GAO FINDINGS IN SCHOOL IMPROVEMENT PROGRAMS

*Question.* Would the Department also address other issues identified through monitoring and the Government Accountability Office (GAO) reports through such a rulemaking or national activities funds?

*Answer.* The Department is taking a number of steps to improve our support for school turnaround efforts and to address issues identified through School Improvement Grants (SIG) program monitoring and reports from the Government Accountability Office (GAO). For instance, we are currently drafting nonregulatory guidance, which we expect to release in the near future, that among other things will help States decide whether to renew local educational agency (LEA) SIG subgrants with respect to individual schools and will help LEAs select and monitor external turnaround providers, as recommended in a 2012 GAO report. We are also using SIG national activities funds to continue to facilitate peer-to-peer exchanges, which enable States that through monitoring might be identified as having a particular implementation difficulty to connect with and learn from other States with greater success in that area. Lastly, absent reauthorization of the Elementary and Secondary Education Act, the Department anticipates issuing revised SIG formula grant regulations for fiscal year 2014 that implement lessons learned during the 5 years of program implementation under the current regulations.

#### MENTAL HEALTH PROGRAMS IN SCHOOLS

*Question.* This subcommittee led an effort to support grants from fiscal year 2005 through 2010 for the integration of mental health in schools. Such grants needed to demonstrate a strong commitment to making evaluation an integral part of their planning and implementation activities. What did the Department learn from these grants and how will these lessons inform future Department actions in this area?

*Answer.* The goal of the program was to increase student access to quality mental healthcare by developing innovative programs that link school systems with local mental health systems. The last cohort of grants was funded in fiscal year 2010.

To achieve this goal, grantees were to enhance or develop collaborative efforts between school-based service systems, juvenile justice, and mental health service systems; enhance the availability of crisis intervention services; improve capacity to make appropriate referrals for students potentially in need of mental health services; and provide training for the school personnel and mental health professionals.

They were required to put in place detailed linkage protocols outlining inter-agency agreements among partners, and submit a comprehensive evaluation plan that would be used to identify needs, analyze community resources and barriers, and evaluate outcomes for students.

Local evaluation of the project to assess progress in meeting required GPRA program measures, as well project specific goals and objectives was a required element of the grant application. The following GPRA performance measures were put in place to evaluate the overarching success of the program.

*Measure 1:*

The percentage of schools served by the grant that have comprehensive, detailed linkage protocols in place.

*Measure 2:*

The percentage of school personnel served by the grant who are trained to make appropriate referrals to mental health services.

For the 2006, 2007, 2008, and 2009 grant cohorts, 89 percent, 95 percent, 99 percent, and 96 percent of schools served by the grants in the respective cohorts had, at the end of their project period, comprehensive, detailed linkage protocols in place (GPRA measure 1). For the 2006, 2007, 2008, and 2009 grant cohorts, 79 percent, 70 percent, 86 percent, and 84 percent of school personnel served by the grant were trained to make appropriate referrals to mental health services, respectively (GPRA measure 2).

In addition to the required GPRA program measures, grantees developed, as part of the ongoing required local evaluation, project specific process measures to assist in ongoing assessment and continuous improvement. Grantees developed project specific outcome measures to focus on system change, and a plan for a long-term, outcomes-based evaluation that would extend past the grant period. One of the key lessons learned from these evaluation efforts is grantees were much more intentional and strategic in setting specific goals and objectives that served the collective interests across agencies as well as thinking about long-term sustainability, in terms of ultimate outcomes, when they knew they would be measuring and reporting on progress. This resulted in closer alignment of their work with their strategic plan, leveraging of resources across agencies, and further reach in terms of the services within the community served. The lessons learned on creating school and community linkages, and implementing related project requirements has informed the development of the new proposed programs (schools and mental health) outlined in the President's fiscal year 2014 budget request.

#### SAFE SCHOOLS/HEALTHY STUDENTS GRANTEES

*Question.* Also related to mental health, what explains the significant drop in the percentage of Safe Schools/Healthy Students grantees that report an increase in referrals for students that result in mental health services being provided in the community?

*Answer.* We believe that the reduction in referrals for students that result in the provision of mental health services likely reflects the success, over the grant period, of the comprehensive strategies implemented by grantees under the Safe Schools/Healthy Students grant program in reducing the need for such services.

More specifically, successful implementation of other programmatic elements of Safe Schools/Healthy Students projects, such as those that address substance use and violent behavior, behavior modifications, and improvements in school climate, may lessen the need for students to receive community-based mental health services.

#### STEM INNOVATION NETWORKS PROGRAM

*Question.* With regard to the proposed STEM Innovation Networks program, how will the Department define "evidence-based practices" and "effective STEM innovations" that would be supported with funds requested for this program?

*Answer.* The Department's supplemental priorities for discretionary grant competitions include priorities for projects that are supported by evidence of effectiveness and for projects that will contribute to the evidence base for an intervention. The Department has also proposed and, as of June 2013, is in the process of finalizing general administrative regulations that establish procedures for giving special consideration to projects supported by evidence of effectiveness as well as selection criteria regarding a project's evidence base and ability to produce evidence of effectiveness. These regulations are based on the Institute of Education Sciences's What Works Clearinghouse Evidence Standards, which as you know have been incorporated with success into existing grant programs such as Investing in Innovation.



We expect to use these regulatory tools as appropriate in competitions under the proposed STEM Innovation Networks program if funded.

VOCATIONAL REHABILITATION STATE GRANT FUNDS—DISABILITY INNOVATION FUND  
PROPOSALS IN THE FISCAL YEAR 2014 BUDGET REQUEST

*Question.* The President's budget request includes language that would continue funding for the PROMISE initiative using Vocational Rehabilitation (VR) State Grant funds that remain available after reallocation. The budget request also proposes to use the remaining VR funds available after funding PROMISE for three new proposals: (1) \$5 million for a cross-agency project to improve outcomes for disconnected youth with disabilities; (2) an unspecified amount for SSA to conduct an SSDI/SSI demonstration project; and (3) the balance of funds for other innovative activities to improve services and employment outcomes for individuals with disabilities.

Please provide details on the three additional projects for which the Department of Education (ED) is requesting funding, including, but not limited to, eligible grantees, targeted populations, specific metrics on desired outcomes and how the projects would differ from the PROMISE initiative.

*Answer.* After covering the costs of PROMISE continuations, the Department would use any remaining VR State Grants funds to support new initiatives under a Disability Innovation Fund (DIF). DIF is part of the administration's broader efforts to create, test, and apply interventions that improve the employment and life outcomes of people with disabilities. As with PROMISE, we would propose to rigorously evaluate promising strategies to improve outcomes for people with disabilities, while developing the evidence-base and laying the groundwork for future innovation. Like PROMISE, the proposed projects would focus on individuals with disabilities who are at risk of becoming disconnected from the workforce. However, while PROMISE's target population is restricted to youth with disabilities who are child SSI recipients, DIF projects would focus on improving employment outcomes for a wider range of people with disabilities. Like PROMISE, the proposed projects would bring together multiple Federal partners in support of coordinated, State-led interventions and focus on metrics related to improving education and employment outcomes and self-sufficiency. We envision that eligible applicants for activities funded under the DIF would most likely be State and local agencies and nonprofit organizations.

*Disconnected Youth*

Over the past year, the Interagency Forum for Disconnected Youth has been convening agencies, soliciting information from the field, and engaging stakeholders to identify how federally funded programs and systems could more effectively address the needs of disconnected youth and their communities. The 2014 budget request includes \$25 million across Education and Labor for programs supporting youth who are at a high-risk of disengagement or are already disengaged from the education and employment systems. The \$5 million proposed to be set aside under the DIF would be used to help ensure that the Disconnected Youth initiative includes activities that target disconnected youth with disabilities. While PROMISE is focused on early intervention with child SSI recipients beginning at age 14 to 16 who are typically still connected to the education system, the Disconnected Youth initiative would target youth with disabilities between the ages of 14 and 24 who are homeless, in foster care, involved in the justice system, or are neither employed nor enrolled in an educational institution. We envision that many of these youth with disabilities may be eligible to receive services under the VR State Grants program, which would play a part in helping these youth reconnect to the education and workforce systems to prepare for and engage in gainful employment.

*SSI/SSDI Demonstration Project*

The fiscal year 2014 budget requests that the Social Security Administration be provided enhanced disability demonstration authority that, in addition to allowing SSA to test effective ways to support current beneficiaries seeking to return to work, would allow SSA and partner agencies to test innovative early intervention strategies aimed at preserving the wellbeing and work ability of the individuals most at risk of becoming severely impaired due to a psychiatric disability. Funds available under the DIF could be used to help support a joint ED-SSA demonstration targeted at individuals with psychiatric disabilities who are likely eligible for services under the VR State Grants program and are at-risk of becoming future SSI or SSDI beneficiaries.

One example of the type of promising interventions that the DIF could support under a joint demonstration project would be providing "rapid re-employment" and

vocational support services to individuals who have had recent psychotic episodes that threaten their ability to work. There have been small randomized controlled trials that have shown the promise of coordinating a medical treatment and vocational support approach. A joint ED–SSA demonstration could help to evaluate this approach on a larger scale.

#### *Transition Model*

We are also exploring the possibility of investing in the development and testing of a model to improve the delivery of transition services that would involve a coordinated system of transition planning and supports to improve the postsecondary results for youth with disabilities. Expected outcomes would include: (1) identification of key components of a core comprehensive transition model based on best practices and available research; (2) practical guidelines for effective implementation of model transition services; (3) sharing of data and skill-building tools to support the effectiveness of the delivery of the transition model; (4) the development, implementation, dissemination and evaluation of tools designed to help youth actively plan their transitions; and (5) a repository of empirical information and resources. The target population would be broader than under the PROMISE program and would include youth with disabilities ages 14 to 24 who are enrolled in special education or receive services through a section 504 plan, as well as youth with disabilities who have dropped out or are at risk of dropping out of high school, including youth in urban and rural settings.

We cannot predict the extent to which there will be VR State Grants funds available after State reallocation in fiscal year 2014. However, we believe that using any such available funds to foster innovation is a wise investment that will accelerate progress in developing effective, evidence-based strategies to improve long-term outcomes for people with disabilities. We welcome the opportunity to further discuss possible DIF investments.

#### NATIONAL STUDENT LOAN DATA SYSTEM

*Question.* The President's budget request includes a \$9 million increase for the National Student Loan Data System (NSLDS) in the Student Aid Administration account to improve enrollment reporting and monitoring of persistence and completion among Federal student aid recipients. Please provide details on how the request would support the collection of additional information related to enrollment, persistence and completion as well as how the information would be used to improve student outcomes.

*Answer.* The \$9 million increase in the President's budget request will help improve the completeness of NSLDS data and ED's analytic capacity for using such data to evaluate the effectiveness of Federal student aid programs. In addition to improving enrollment reporting and monitoring persistence and completion among Federal student aid recipients, Federal Student Aid (FSA) is exploring the addition of new data fields, such as degree level and program of study, to strengthen implementation of laws and regulations governing student loans. With these proposed enhancements, ED can get a more complete and accurate picture of student outcomes for Federal student aid recipients, especially since ED's enrollment, persistence, and completion data are based on aggregated institution-level data collected through the Integrated Postsecondary Education Data System (IPEDS). The \$9 million will also support longer term improvements to NSLDS, such as upgrades to system integration and data quality checks.

#### UNIFORM STUDENT COMPLAINT SYSTEM FOR RECIPIENTS OF FEDERAL EDUCATION BENEFITS

*Question.* The Department of Education is working in conjunction with other Executive Branch agencies, including the Department of Veterans Affairs (VA), the Department of Defense (DOD) and the Federal Trade Commission, to develop a uniform student complaint system for students receiving education benefits from the VA and DOD pursuant to Executive Order 13607. Please describe how the Department of Education intends to utilize this new infrastructure to ensure that the complaint system becomes available for all students attending an institution of higher education and not just Federal aid recipients, including how the Department intends to provide access comparable to that available to students receiving military educational benefits.

In your response, please include answers to the following questions: (1) will the ability to file a complaint be noted on the front page of the Department Web site; (2) will the Department create a student-friendly portal by topic; (3) will the Depart-

ment make the complaint system easily accessible to web-based searching; and (4) will all students or all title IV recipients be made aware of the complaint system?

Answer. Federal Student Aid (FSA) is developing a targeted outreach campaign to support current and past members of our Armed Services who have Federal student loans. The objective of the campaign is to better inform service members and veterans of the many available benefits to help them manage their Federal student loan obligations. In addition to more detailed guidance from our student loan servicers when members call with questions, our servicers have developed a brochure outlining the benefits and providing tips to members of the military, contact information and useful resources.

FSA will also publicize on its student facing Web site, StudentAid.gov, in the Announcement and Military Sections, the process for submitting complaints to the Department of Education regarding institutional issues. This will initially be targeted to veterans, service members and their families, followed by announcements to the general public. The Announcement section will provide a general overview of the complaint system and links to additional webpages for more information about how to use the system. Information and language regarding the complaint system should be available to the public before the end of fiscal year 2013.

A specific mailbox will be designated for receipt of these complaints. To maintain the privacy of the complaint and the integrity of the information shared between recipient and FSA, complaints will not be accessible through a searchable Web-based feature. The information from ED's complaint system will be submitted to the Federal Trade Commission's Consumer Sentinel database, which has been designated as the consolidated host site for complaints received from all three agencies identified in the Executive order.

Additionally, FSA's Office of Program Compliance within the Department of Education receives and addresses complaints from students to ensure compliance with the title IV regulations by postsecondary institutions in their administration of the title IV aid programs.

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#### QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

##### CHARTER SCHOOL PROGRAM

*Question.* I am very supportive of the increase in funding for the Charter Schools Program (CSP) as detailed in the President's budget. In particular, I appreciate the increase for the Charter Management Organization (CMO) Replication and Expansion Grant. However, the President's budget does not allocate any new funds for SEA grants at a time when the majority of current funds are locked in continuation grants.

For the second consecutive fiscal year (2013 and 2014), States will not receive Charter Schools Program grants. As you know, the SEA grant is critical for ensuring start-up funds for new charter schools. The State of Louisiana alone has received more than \$71 million in funding for start-up grants since the start of the CSP program.

Can the Department outline when it anticipates being able to conduct a new SEA grant competition?

Answer. The Department anticipates conducting a competition for new Charter Schools Program grants to State educational agencies (SEAs) in fiscal year 2015. In fiscal year 2013, the Department will provide current SEA grantees with approximately \$175 million, or over 72 percent of the total Charter Schools appropriation, in continuation funding to support the start-up of new charter schools and anticipates providing another \$170 million in continuations to these grantees in fiscal year 2014.

##### PROMOTING EVIDENCE-BASED POLICY

*Question.* As our Nation continues to deal with shrinking budgets and growing demand for services, the Federal Government needs to find ways to invest scarce Federal resources more efficiently and more effectively in evidence-based, results-driven solutions. I was pleased to see that the administration's fiscal year 2014 budget proposed that the Secretary of Labor set aside 1 percent of funds from all major Department of Labor programs for evaluations.

While the provision in the fiscal year 2014 budget request that proposes that the Secretary of Education set-aside 0.5 percent of funds from all major Department of Education programs except the Pell grant program is an important step in the right direction, I believe that the Secretary of Education should have the same 1 percent set-aside authority.

Setting aside 1 percent for rigorous, independent, third party evaluations would enable the Secretary of Education to: evaluate diverse approaches, grantees and initiatives; build the evidence base of which interventions are most effective and why; identify policies that limit opportunity for innovation and continuous improvement; and streamline policies or programs to allow funds to be driven towards those that result in the most success and the highest return on taxpayer investment. This evaluation provision would also provide Members of Congress and the administration with reliable information to gauge program effectiveness and to make policy and funding decisions based on facts.

How is the Department working with OMB and other Federal agencies to develop and use a common evidence framework to inform program design and management across the Federal Government?

Answer. The Department of Education has been in the vanguard of cross-agency efforts to develop common evidence guidelines. For example, over the past 2 years, ED has worked with the National Science Foundation (NSF) to establish shared definitions of broad categories of research and to clarify requirements for how potential grantees should build on and contribute to evidence in the field. The intent of these guidelines is to allow ED and NSF to build on each other's investments in research, thereby increasing the pace at which the field develops evidence about the most effective programs and strategies in education. The guidelines were presented in draft form in April 2013 at the American Educational Research Association conference and a document describing the guidelines in detail is expected to be released in June 2013.

#### USING PERFORMANCE AND OUTCOME DATA TO INFORM POLICY AND DRIVE IMPROVEMENT

*Question.* How is the Department using evidence, data and information about performance and outcomes to inform policy and drive continuous improvement in its programs and grantee interventions?

Answer. A key example of Department efforts to use evidence and information about performance and outcomes to drive continuous improvement was the development of new final requirements for the School Improvement Grants (SIG) program authorized under section 1003(g) of the ESEA. The new SIG requirements responded to evaluation and other data indicating that the school improvement measures required by section 1116 of the ESEA, including the restructuring options required for chronically low-performing schools, were having little impact on turning around low-performing title I schools. More specifically, the new regulations restructured the SIG program to require competitive SEA awards to LEAs that agreed to use rigorous, research-based school intervention models that involved significant changes in school leadership, staffing, instruction, and school operations (e.g., increased learning time).

The Department also has taken significant steps to develop performance measures for all of its funded programs, and placed a priority on developing, whenever appropriate, outcome measures that could be used to inform program priorities and budget decisions. Examples of measures for large-scale categorical programs include:

- Trends in the percentage of economically disadvantaged students grades 3–8 who score at or above proficiency on State reading and math assessments to measure progress under title I of the Elementary and Secondary Education Act; and
- Trends in the percentage of students with disabilities who score at or above Basic on the National Assessment of Educational Progress (NAEP) to measure progress under the Individuals with Disabilities Education Act (IDEA).

Discretionary grant programs also include performance measures to assess progress toward meeting grant objectives and program outcomes. These measures are often included in required annual performance reports, which document the progress of individual grants. Results of outcome and implementation measures are used to target monitoring and technical assistance.

Department programs serving students in elementary and secondary grades also receive support in improving the development, reporting, and use of performance measures to inform programmatic and budget decisions through the Data Quality Initiative (DQI). Most recently, as part of the DQI, the Office of Elementary and Secondary Education initiated a process to support programs in developing leading indicators to guide data-driven decisions in program management. The process will result in indicators that provide program staff with early measures of progress toward intended outcomes, and inform interventions through monitoring and technical assistance.

## FOCUS ON INNOVATION AND FLEXIBILITY AS WELL AS COMPLIANCE

*Question.* How is the Department promoting innovation and flexibility and focusing on outcomes rather than simply on compliance?

*Answer.* We have been working hard to shift our focus from emphasizing compliance with statutory and regulatory requirements to partnering with our grantees, particularly States and school districts, to support their efforts to improve outcomes for students while enacting ambitious reforms. Our work with States under Race to the Top and ESEA Flexibility demonstrates the great innovation that can flourish under these partnerships.

In particular, under ESEA flexibility, the Department has provided States with freedom from inflexible statutory requirements related to the determination of adequate yearly progress and the provision of supplemental educational services and public school choice options in exchange for State-led efforts to create more nuanced accountability systems based on multiple measures of student and school performance. These new accountability systems allow States and LEAs to escape the one-size-fits-all rigidity of current law and to design their own improvement strategies that target limited resources on the lowest performing schools with the greatest need for assistance, including those schools with the largest achievement gaps, while still ensuring that all schools address subgroup performance challenges.

Department staff also have designed our monitoring process for ESEA flexibility to move beyond a focus only on compliance and toward more effective support for a State's implementation of ESEA flexibility and the State-level systems and processes needed to support that implementation. This procedure is intended to make sure that States are maximizing the impact of their new systems and are making progress toward ultimately increasing student achievement and improving the quality of instruction for all students. Monitoring will be differentiated and customized for each State based on the State's specific plans, and information from monitoring will then be used to inform the selection and delivery of technical assistance to States to support continuous improvement.

## DESIGNING PROGRAMS TO BUILD AN EVIDENCE-BASE

*Question.* How is the Department building an evidence-base for what works to achieve important outcomes by designing programs and granting funds with that as an explicit goal?

*Answer.* The Department's primary vehicle for building evidence is the Institute of Education Sciences (IES) research grant program, supplemented by model grant programs throughout the Department that encourage both the development of new approaches and rigorous testing of fully developed programs or strategies and rigorous evaluations that provide information on effective practice.

—*IES Research Grant Program.*—For a decade, IES has provided grant support for different types of research to improve student outcomes. This research ranges from development of innovative approaches in education, to wide-scale testing of strategies that show evidence of promise. IES has been recognized for its clear explanations to applicants about the types of empirical and theoretical justifications required to earn consideration for a research grant.

—*Model Grant Programs.*—A key example of a grant program designed to build evidence is the 2010 Investing in Innovation (i3) competition, which clearly defined three categories of grants broadly corresponding to an evidence pipeline. "Development grants" support the creation of new approaches; "Validation grants" involve smaller scale testing of approaches with initial evidence of promise; and "Scale-up grants" require wide-scale testing of approaches with substantial evidence of impact at a small scale. Each of these three categories included entrance criteria (evidence requirements for obtaining a grant) and exit criteria (the expected scale and rigor of the evaluations conducted as part of the grant). The i3 program described not only provided clarity about how each type of research contributes to the evidence base about what works in education but also linked the most substantial funding amounts to projects with greater evidence of promise. Validation grants, for example, could be funded at up to \$30 million over 5 years, while scale-up grants could receive up to \$50 million. This differential reflects the costlier work of validating an approach on a wide scale. The three categories of studies also ensured that the Department supported development of new ideas as well as testing those with greater evidence. The success of the i3 approach has encouraged the Department to modify its standard rules for grant making (EDGAR—Education Department General Administrative Regulations) to allow other grant competitions to employ a similar tiered-evidence approach. During fiscal year 2013, a number of other grant competitions are using evidence as a competitive or absolute priority.

—*Evaluation and Related Activities.*—The Department’s evaluations are designed to provide information on implementation and impact of agency programs, providing information to improve practice, to recommend changes in program implementation, and to inform program reauthorization. A key goal is to provide both practitioners and policymakers with actionable information. In addition, the Department’s What Works Clearinghouse (WWC) serves as an independent, credible reviewer of research studies. In the context of tiered-evidence grant making, it provides the infrastructure for efficient review of studies put forward by prospective grantees in support of their applications. The What Works Clearinghouse standards are public and widely distributed, and the Department regularly conducts training for researchers in the use of WWC standards to review studies. These trainings create a cadre of independent researchers who are able to carry out the reviews or to help prospective grantees determine whether there is strong evidence in support of their application.

#### INVESTMENT IN AND EVALUATION OF EFFECTIVE INTERVENTIONS

*Question.* How is the Department increasingly targeting investments in interventions with the strongest evidence of effectiveness, as well as supporting the development and rigorous evaluation of promising, innovative interventions?

Answer. The Department is encouraging the use, where appropriate, of the Secretary’s supplemental priorities that are designed to build evidence of effectiveness (Priority #14) or to support programs, practices, or strategies for which there is strong or moderate evidence of effectiveness in competitive grant programs (Priority #15). In 2013, programs using these priorities include:

- The Higher Education Strengthening Institutions Program (SIP), which helps eligible institutions of higher education become self-sufficient and expand their capacity to serve low-income students by providing funds to improve and strengthen the academic quality, institutional management, and fiscal stability of eligible institutions, will use Priority #14 as a competitive preference priority, awarding up to 5 points to applicants that successfully address the priority.
- The 2013 Arts in Education Model Development & Dissemination competition, which will provide grants to support the enhancement, expansion, documentation, evaluation, and dissemination of innovative, cohesive models that are based on research, will award up to 10 points to applicants that address Priority #14 and up to 10 points to applicants that address Priority #15.
- Through the Supporting Effective Educator Development (SEED) Grant Program, the Department will award grants to national non-profit organizations for projects that support teacher or principal training or professional enhancement activities and are supported by at least moderate evidence of effectiveness. In addition, the Department will award up to 5 points to applicants that propose projects that are supported by strong evidence of effectiveness.

#### PROMOTING AND INVESTING IN COMMUNITY-WIDE CHANGE

*Question.* How is the Department seeking opportunities to promote and invest in systems and communities that are collaborating to achieve significant community-wide impact or change at scale?

Answer. The Department is committed to supporting programs that achieve widespread impact. For example, the Promise Neighborhoods Program, which supports 1-year planning grants and implementation grants lasting for up to 5 years, seeks to significantly improve the educational and developmental outcomes of children and youth in our most distressed communities. Implementation grantees use grant funds to develop the administrative capacity necessary to successfully implement a continuum of solutions, such as through managing partnerships, integrating multiple funding sources, and supporting longitudinal data systems. What these grantees do and learn will provide us with information on how the Department can achieve community-wide impact or change at scale.

As part of the fiscal year 2014 budget request, the Department would expand the contribution of Promise Neighborhoods to Promise Zones, which would address the needs of high-poverty communities by creating jobs, attracting private investment, increasing economic activity, expanding educational opportunity, and reducing violent crime. Agencies, including the Department of Education, would provide assistance to these communities to help them break down regulatory barriers and use existing Federal funds in a more coordinated and effective way. Promise Zones would align the work of multiple Federal programs in communities that have both substantial needs and a strong plan to address those needs.

ELEMENTARY AND SECONDARY EDUCATION ACT AUTHORITY FOR FUNDING OF  
EVALUATIONS

*Question.* The No Child Left Behind Act (NCLB) currently authorizes the U.S. Secretary of Education to reserve up to 0.5 percent of Elementary and Secondary Education Act (ESEA) program funds for evaluations (except title I, title III, and other ESEA programs with their own evaluation set-asides). Has the Secretary ever used this authority—if not, why not? And, if the Secretary has used this authority, how many funds, by program, have been set-aside for evaluations under this authority each year?

*Answer.* The Department has funded evaluations of ESEA programs under the general ESEA evaluation authority, ESEA IX–F section 9601. For example, under title II of ESEA, Improving Teacher Quality State Grants, the Department has most recently funded and completed studies on different models of pre-service training, promising approaches to in-service training, and induction programs as a means to identify promising teacher retention strategies. Improving Teacher Quality State Grants is a large program, and under the broad ESEA evaluation authority, used over \$12 million for title II evaluation activities in 2012.

For small programs, however, the 0.5 percent set-aside does not provide sufficient funding for rigorous evaluation, and because current law does not permit pooling funds across programs, it has been difficult to use the authority to evaluate smaller programs that have only small amounts of funding available for evaluations. Therefore, the administration has proposed a reauthorization strategy that would allow the Department to pool funds for evaluation, to include up to 0.5 percent of the funds appropriated for title I and up to 1.5 percent of funds appropriated for all other ESEA programs. Each year the Department would determine which programs to evaluate, based on many factors, including the need for information and the status of the available research and data.

The table below shows the amounts used or planned for evaluation in 2012 and 2013 under the general authority.

FUNDED PROGRAMS THAT USED ESEA IX–F SECTION 9601 EVALUATION AUTHORITY IN 2012 OR 2013, AND  
THE AMOUNTS USED OR PLANNED FOR EVALUATION

[Whole dollars]

Account and program	Fiscal year 2012	Fiscal year 2013 (estimated)
Innovation and Improvement:		
Transition to teaching .....	130,268	130,268
Safe Schools and Citizenship Education:		
Physical education .....	393,464	122,326
School Improvement Programs:		
Improving teacher quality State grants .....	12,324,380	11,689,150
Mathematics and science partnerships .....	875,635	748,583
Rural education .....	895,769	.....

DEPARTMENTAL ADMINISTRATIVE RESPONSIBILITY FOR PROGRAM EVALUATIONS

*Question.* The U.S. Department of Labor has a Chief Evaluation Officer who oversees all of their program evaluations. Can you explain who in your Department has this responsibility, and, if this responsibility is divided between multiple staff members at the Department, please describe how this work is divided between them.

*Answer.* Responsibility for carrying out the Department of Education's evaluation activities rests primarily with the Institute of Education Sciences (IES). The Education Sciences Reform Act of 2002 established IES as an independent entity within the Department of Education. In this legislation, IES was granted publication authority, which allows it to release reports free of departmental clearance requirements. Within IES, the National Center for Education Evaluation and Regional Assistance (NCEE) is responsible for carrying out both impact and implementation evaluations. IES conducts the Department's impact evaluations and long-term implementation evaluations, with its work supported by evaluation set-asides in program funding as well as dedicated funding for evaluation. The Policy and Program Studies Service (PPSS) in the Department's Office of Planning, Evaluation, and Policy Development (OPEPD) is responsible for conducting short-term program implementation studies.

Evaluations are coordinated through an evidence planning team comprised of staff from OPEPD, IES/NCEE, and the Office of Innovation and Improvement. The team

works with key staff throughout the Department to identify high priority questions and needs for information, ensure that evidence-building activities are responsive to needs, and avoid duplication.

NCEE participates in an annual evaluation planning process that is led by OPEPD. Through this annual process, program offices work with the evidence planning leadership team, including NCEE, to identify evaluation priorities and opportunities and make decisions about which evaluations will move forward in the coming year.

#### PROGRAM-SPECIFIC EVALUATION AUTHORITIES

*Question.* Can you outline which Department of Education programs currently have their own authorizations allowing or requiring set-asides of program funds for evaluations, and, how much of these funds, by program, were spent on evaluations in fiscal year 2012 and are expected to be spent in fiscal year 2013 and fiscal year 2014?

*Answer.* The following table provides information on which programs in the Career, Technical, and Adult Education; Education for the Disadvantaged; English Language Acquisition; Higher Education; Indian Education; Innovation and Improvement; Rehabilitation Services and Disability Research; Safe Schools and Citizenship Education; School Improvement; and Special Education accounts are authorized to use program funds for evaluation, and the amount of money the Department obligated in 2012 and plans to obligate in 2013 for evaluation. In addition, the Institute of Education Sciences account receives funding for evaluation in the Special Education Studies and Evaluations and Research, Development, and Dissemination programs. The Department is refining its plans for evaluations in 2014 and anticipates having updated information available later in the summer.

#### PROGRAMS FUNDED IN FISCAL YEAR 2012 OR 2013 THAT CONTAIN SPECIFIC AUTHORITY TO USE FUNDS FOR EVALUATION, AND AMOUNTS USED FOR EVALUATION IN 2012 AND PLANNED FOR EVALUATION IN 2013

Account and program	Evaluation authority	Fiscal year 2012	Fiscal year 2013 (estimated)
Career, Technical, and Adult Education:			
Adult Education: National leadership activities.	WIA II-A Sec. 243 and Appropriations Language.		
Career and Technical Education: National programs.	Sec. 114 of the Carl D. Perkins Career and Technical Education Improvement Act of 2006.	.....	\$286,940
Education for the Disadvantaged:			
High School Graduation Initiative .....	ESEA I-H sec. 1830 and 1811 .....	\$500,000	.....
School Improvement Grants National Activities.	Appropriations language .....	.....	656,402
Striving Readers .....	ESEA I-E sec. 1502 .....	.....	.....
Title I Evaluation .....	ESEA I-E .....	3,193,952	3,026,889
Title I Neglected and delinquent .....	ESEA I-D sec. 1419 .....	.....	.....
English Language Acquisition:			
English Language Acquisition .....	ESEA III sec. 3111 .....	610,991	1,700,000
Higher Education:			
Federal TRIO programs .....	HEA 402H .....	.....	2,000,000
Gaining early awareness and readiness for undergraduate programs (GEARUP).	HEA 404G .....	1,494,378	1,421,541
GPRA data/HEA program evaluation ..	Appropriations language .....	606,851	575,109
International education and foreign language studies: Domestic programs.	HEA section 635 .....	199,199	6,500
International education and foreign language studies: Overseas programs.	Appropriations language .....	39,711	6,000
Indian Education:			
Indian Education national activities ..	ESEA VII sec. 7131 .....	.....	.....
Innovation and Improvement:			
Arts in education .....	ESEA V-D sec. 5551 .....	.....	.....
Charter schools grants .....	ESEA V-B-I sec. 5205(a) and Appropriations language.	106,208	.....
FIE programs of national significance.	ESEA V-D sec. 5411 .....	.....	.....



PROGRAMS FUNDED IN FISCAL YEAR 2012 OR 2013 THAT CONTAIN SPECIFIC AUTHORITY TO USE FUNDS FOR EVALUATION, AND AMOUNTS USED FOR EVALUATION IN 2012 AND PLANNED FOR EVALUATION IN 2013—  
Continued

Account and program	Evaluation authority	Fiscal year 2012	Fiscal year 2013 (estimated)
Investing in innovation .....	Appropriations language .....	3,600,000	4,500,000
Magnet schools assistance .....	ESEA V–C sec. 5310 .....	243,792	.....
Race to the Top .....	Appropriations language .....	5,723,251	826,435
Teacher incentive fund .....	ESEA V–D and Appropriations language ....	2,000,000	4,500,000
Rehabilitation Services and Disability Research:			
Independent living centers .....	Rehabilitation Act 722(a) and 723(a) .....	.....	.....
National Institute on Disability and Rehabilitation Research.	RA II, section 200 .....	1,562,771	348,667
Vocational rehabilitation demonstration and training programs.	RA section 303 .....	.....	.....
Safe Schools and Citizenship Education:			
Elementary and secondary school counseling.	ESEA V–D sec. 5421 .....	.....	.....
Promise Neighborhoods .....	ESEA I–D sec. 5411 .....	25,000	.....
SDFSC National activities .....	ESEA sections 4121 and 4122 .....	.....	.....
School Improvement Programs:			
21st century community learning centers.	ESEA IV–B sec. 4202(a)(2) .....	2,117,771	1,000,000
Comprehensive centers .....	ETAA II, sec. 204 .....	.....	1,600,000
Education for homeless children and youths.	MVHAA Title VII–B sec. 724 .....	.....	.....
Special Education:			
Special Education Parent information centers.	IDEA section 682 .....	.....	.....
Special education personnel preparation.	IDEA section 682 .....	.....	.....
Special education technical assistance and dissemination.	IDEA section 682 .....	.....	.....
Special education technology and media services.	IDEA section 682 .....	.....	.....

NOTE: Amounts shown are the amounts obligated in each fiscal year and for programs with multi-year funding may not be from the appropriation for that fiscal year.

#### EDUCATION PROGRAM EVALUATIONS

*Question.* How long do Department of Education program evaluations take on average, and what is the average cost of these evaluations?

*Answer.* The purpose and design of Department of Education program evaluations largely determines their time to completion and cost. In general, the Department conducts three types of evaluations: impact evaluations and long-term implementation evaluations, which are overseen by the National Center for Education Evaluation and Regional Assistance (NCEE) in the Institute of Education Sciences (IES), and short-term program implementation studies, which are overseen by the Policy and Program Studies Service (PPSS) in the Office of Planning, Evaluation, and Policy Development (OPEPD).

—Impact and implementation evaluations at NCEE, on average, are fully completed in 5 years from the time of contract award, although in some cases the contract may need to be extended to allow completion of the final report. The minimum time for an evaluation that includes data collection, analysis, and report preparation and scholarly peer review is approximately 3.5 years. The average cost of the seven evaluation contracts awarded in fiscal year 2011 and fiscal year 2012 was \$10,860,248, with a range of \$6 million to \$18 million. Each study typically produces several reports, including interim and final reports of effectiveness as well as implementation reports. The time and cost of completing an evaluation at IES depends primarily on the number and scope of data collections, with the most expensive components being classroom observations and administration of student achievement assessments.

—PPSS oversees short-term program implementation and analytic studies. The 12 implementation studies and analyses of program practices awarded in the past 3 years averaged 2 years to complete, at an average cost of \$671,000.

## ADMINISTRATION OF EDUCATION PROGRAM EVALUATIONS

*Question.* Are these evaluations conducted by external evaluators or by Department staff?

*Answer.* Evaluations typically are conducted by research firms operating under contract to the Department. Competitions are conducted separately for each evaluation study, with contractors selected on the basis of technical skill and content expertise, and cost. As a result, the Department has developed a strong track record of using the best firms and most skilled contract researchers in the field to conduct its evaluations. In addition, the Department is building the analytical capability of its own staff to analyze extant data to inform program management.

## QUESTION SUBMITTED BY SENATOR RICHARD J. DURBIN

## HEAVILY IMPACTED AID STATUS—NORTH CHICAGO SCHOOL DISTRICT 187

*Question.* The North Chicago School District, located near the Great Lakes Naval Training Center, educates children in military-connected families and civilian families on the community. Given the presence of the Navy and the lack of a strong economic base, North Chicago has had heavily impacted aid status for decades.

In 2005, a base housing project was initiated that would move some families out of North Chicago, thereby decreasing the number of military-connected students in the district.

In a 2005 letter, the Department of Education informed us that the North Chicago School District would continue to receive heavily impacted aid payments until the housing privatization project is complete and that heavily impacted aid payments are based on data from 3 years preceding the payments. Therefore, North Chicago would expect to continue receiving payments for 3 years after the housing privatization project is complete or has ended.

Can the administration confirm that the North Chicago School District will continue to receive heavily impacted aid payments for 3 years following the United States Navy officially notifying the Department of Education that the housing privatization project is complete?

*Answer.* Under current law and assuming that the North Chicago School District continues to meet all other program eligibility requirements, if the district has a qualifying military housing project underway or pending (as is currently the case with North Chicago), the district is treated as though it continues to meet the eligibility requirements and it receives heavily impacted payments until the project is completed. Payments for districts with pending or completed projects are subject to the heavily impacted 3-year data provisions. Thus, for example, if the project completes in 2014, they could expect to receive payments for 2014, 2015, and 2016.

Because the status of the qualifying military housing project is still pending, the Department will continue to evaluate the situation annually and rely upon senior Navy officials to provide status updates on this unfunded project.

In the rare case where a pending housing project is terminated before completion, we believe that a district's eligibility status would immediately cease because the district would no longer have eligible military housing units undergoing conversion, as required by section 8003(b)(2)(H). Current law still provides for a district to receive a hold-harmless payment in the year that ineligibility may occur.

## QUESTIONS SUBMITTED BY SENATOR MARK L. PRYOR

## MC NAIR POSTBACCALAUREATE ACHIEVEMENT PROGRAM

*Question.* As you know, the McNair Postbaccalaureate Achievement Program awards funding to institutions of higher education to help prepare disadvantaged students for post-graduate studies up to and including a Ph.D. Arkansas State University (ASU) has participated in the McNair Program. While ASU received funding from fiscal years 2003 to 2007, and again from 2009 to 2013, they have learned that the funding will not be extended. ASU's McNair Program has played a pivotal role in opening up the world of higher education to previously underserved students in one of the most economically challenged areas of the country—the Arkansas Delta. ASU has a demonstrated commitment to utilizing its location and serving first-generation students. Will you work with ASU to build on its accomplishments and explore options to establish a consistent, long-term McNair program?

*Answer.* Under the McNair Program, the Department awards grants on a competitive basis. The Department conducted a competition for new McNair awards in

fiscal year 2012. ASU submitted an application in that competition and it was evaluated and scored by non-Federal reviewers. However, ASU's application did not score high enough in the competition to be funded. In September 2012, ASU received its final non-competitive continuation award from the grant the Department initially awarded to ASU in fiscal year 2009 and is currently implementing the final year of the project.

#### POOR AND RURAL SCHOOL DISTRICTS AND COMPETITIVE GRANTS

*Question.* You testified that about 84 percent of the Department of Education's funding allocation remains formula based. However, a number of my constituents express concern that they do not have the ability or the resources necessary to effectively compete for the remaining 16 percent of funding in competitive grants. Does the fiscal year 2014 budget take into account the unique challenges poor and rural school districts face when they apply for competitive grants?

*Answer.* The administration recognizes that more than half of all school districts and about one-third of all public schools are located in rural areas, many of which have unique needs and face unique challenges. We have worked hard to ensure that such districts and schools have a fair opportunity to compete for Federal education funds in past years and will continue to do so in fiscal year 2014.

Under the Race to the Top—District competition, for example, the Department has included an absolute priority for rural districts to help ensure that students from all locales and of all sizes are served by the program. We also allowed consortia of districts to apply, which was helpful to rural districts, since they often have difficulty competing on their own. Nearly half of the districts that won Race to the Top—District funds are rural. In the Early Learning Challenge competitions, we awarded grants to many States with large rural populations, such as Tennessee, Georgia, North Carolina, Minnesota, Ohio, Kentucky, and Louisiana.

Under the Promise Neighborhoods program, we established an absolute priority for applicants that propose to serve at least one rural community. The Investing in Innovation (i3) competition also has an absolute priority that focuses on students in rural communities. As a result, rural entities have been well represented among the grantees in both of these programs.

Rural schools have been well represented under the School Improvement Grants (SIG) competition as well. In fiscal year 2009, rural schools constituted 20 percent of SIG-eligible schools, but were more than 23 percent of the schools that received awards. In fiscal year 2010, 17.5 percent of SIG-eligible schools were rural while 19 percent of SIG awards went to rural schools.

Finally, the Department continues to provide technical assistance to and work with potential applicants, including rural districts and States that have large numbers and proportions of rural districts. Many ED programs provide technical assistance workshops and webinars specific to their grant competitions, including efforts targeted to rural districts and communities. We also encourage rural districts to form consortia and partnerships to increase their capacity and work with education service agencies, colleges, and universities, and we have engaged the philanthropic and nonprofit communities in an effort to better support high-need rural schools. These efforts can help applicants serving rural areas compensate for capacity issues, making them more competitive applicants.

#### PROMISE NEIGHBORHOOD PLANNING GRANTS

*Question.* During your testimony, you mentioned the administration's continued commitment to the Promise Neighborhood program. In fiscal year 2010, the University of Arkansas at Little Rock (UALR) was one of 21 communities to receive a Promise Neighborhood planning grant. As you know, UALR was not awarded an implementation grant in fiscal year 2011. The President's fiscal year 2014 budget proposes to increase funding for the Promise Neighborhood program to \$300 million from \$60 million in fiscal year 2012. What portion of the increased funding would be used to award planning grants versus implementation grants?

*Answer.* In fiscal year 2014, we have proposed to award an estimated \$209 million to fund new implementation grants and an estimated \$15 million to fund additional planning grants. Funds totaling \$61 million would also support continuation awards for the 12 implementation grants made in fiscal year 2011 and fiscal year 2012.

#### PROMISE NEIGHBORHOOD IMPLEMENTATION GRANTS

*Question.* When evaluating applicants for implementation grants, does the fiscal year 2014 budget prioritize applicants whose programs focus on students of a particular age?

Answer. The fiscal year 2014 request for the Promise Neighborhoods program does not include a requirement that applicants focus on students or community members of any particular age. The program is designed such that applicants must build a continuum of solutions for community members from cradle through college and to career. However, because we know how important it is to address the educational and developmental needs of children when they are young, we require applicants to indicate how they propose to include high-quality early learning programs and services for children from birth through third grade. In addition, in the fiscal year 2011 and fiscal year 2012 competitions, the Department has awarded additional points (up to two) for applicants that propose to expand, enhance, or modify an existing network of early learning programs and services to ensure they are high-quality and comprehensive for children from birth through third grade.

#### QUESTIONS SUBMITTED BY CHAIRWOMAN BARBARA A. MIKULSKI

##### MITIGATING THE IMPACT OF THE SEQUESTER ON EDUCATION

*Question.* There are many concerns regarding the impact of sequester on education. The State of Maryland alone has over 842,000 students. While Maryland has received funding for the support of low-income families and the needs of students with disabilities, sequester will cause irreparable harm towards education. Furthermore, these cuts will lead to less funding for schools, fewer students being served, and a loss of teachers, aides, and staff.

I recall the warning you gave before my Appropriations Committee regarding the negative impact of sequester and I understand the importance of Congress and the administration needing to work together to replace sequester. However, while sequester remains in effect, Maryland's school administrators are trying to limit its damage. Can you tell us what your Department is doing to mitigate the harmful impact of sequester?

Answer. The Department believes the indiscriminate cuts of the sequester will have an adverse impact on the ability of States and school districts to provide essential support and services to high-need students and schools. The sequester eliminated more than \$1.3 billion for the title I, part A and special education grants to States programs, resulting in a reduction of more than \$20 million in funding that helps the State of Maryland meet the needs of students with disabilities and students from disadvantaged backgrounds.

The Department has proactively reached out to States and school administrators across the country, so they can plan ahead to minimize the negative impact of these cuts. We know, however, that it will be difficult for States to make up for lost Federal education dollars, particularly since these cuts come at a time when State and local education funding levels have not recovered from the economic recession. A 2012 report by the Center on Budget and Policy Priorities found that in the 2012–2013 school year, 35 States spent less on education than in 2008. With so many districts still reeling from the impact of the economic recession, it is unlikely that they will be able to weather these cuts without directly affecting the staff and services for vulnerable students. The Department will continue to work with States and districts to provide flexibility and support authorized under law; however, unless Congress reverses these cuts, students will be negatively affected.

##### SUPPORT FOR GIFTED AND TALENTED CHILDREN—CENTER FOR TALENTED YOUTH

*Question.* I am troubled by the considerable lack of support for gifted and talented students in the President's fiscal year 2014 budget request. The only Federal program that supported these students has been the Jacob Javits Gifted and Talented Education Program. This program provides grants to States to help modify identification of gifted and talented students and prepare teachers. Unfortunately, it has not been funded since 2010.

While there is still a perception that gifted children are rich, that is simply not the case. Gifted and talented kids can be found in all walks of life. I know that you are familiar with programs that promote the advancement of these gifted and talented students, such as the Center for Talented Youth. Too often, these children are overlooked. What does the administration's budget proposal do for this population of students; more specifically, how can the Federal Government support programs like the Center for Talented Youth?

Answer. The President and I believe that we must improve educational opportunities for students across the performance spectrum, including those performing at advanced levels. Our fiscal year 2014 budget request includes \$102.2 million for the proposed College Pathways and Accelerated Learning program, which would replace

the Javits Gifted and Talented Education program and other programs under current law with a single, more flexible program that supports efforts to increase preparation for college matriculation and success by providing college-level and other accelerated courses and instruction in high-poverty secondary schools. Gifted and talented students would be an important target population for this program because they are likely to need an advanced or accelerated curriculum in order to progress academically consistent with their abilities. Further, the program would support accelerated achievement projects, such as those of the Center for Talented Youth, which target students who are traditionally underrepresented in gifted and talented education.

Gifted and talented students would also benefit from States' new assessment and accountability systems, which under the administration's proposal to reauthorize the Elementary and Secondary Education Act would measure and encourage growth beyond proficiency. In addition, activities to strengthen the education of gifted and talented students could be funded through the proposed Effective Teachers and Leaders program, which would provide funds for professional development for teachers and school leaders, particularly in high-need or low-performing schools.

#### INTEGRATED SERVICES—WRAP AROUND MODEL

*Question.* There is a need to prioritize wrap-around services with regards to schools. Wrap-around services are those services provided to children and their family members to meet their health, nutrition, and education needs. By providing these essential services to children and their families, schools serve as the center of the community and become a community investment.

One example of this community investment is the Promise Neighborhoods program. This program works to combat the effects of poverty, improving education and life outcomes for children, and consistently provides the aforementioned services from cradle to career. That being said, can you tell us what the administration's budget proposal does for Promise Neighborhoods; more specifically, how can the Federal Government support programs like this?

*Answer.* The administration's fiscal year 2014 request would expand the program to reach the many communities that have submitted high-quality applications for Promise Neighborhoods funding but have not received funding due to the limited amount of available funds. Over a 3-year period, the Department has been able to fund only 46 planning grants and 12 implementation grants. The almost 40 communities that have received planning grants, but not implementation grants, represent a pool of potential high-quality candidates for implementation awards in fiscal year 2014, along with other communities that are well positioned to apply. The fiscal year 2014 request would allow the Department to make an estimated 35 new implementation grants as well as 30 additional planning grants. In addition, the request would expand the contribution of the Promise Neighborhoods program to the President's Promise Zones, a key strategy in the administration's new Ladders of Opportunity initiative. Communities would compete to earn a Promise Zone designation by identifying a set of positive outcomes for their proposed Zone and its residents, developing an evidence-based strategy and implementation plan, encouraging private investment, and realigning Federal, State, local, and tribal resources to achieve those outcomes.

#### QUESTIONS SUBMITTED BY SENATOR JEANNE SHAHEEN

##### STEM REORGANIZATION

*Question.* Data shows that the jobs of the future will be in the STEM fields. And as we all know, our country's economic competitiveness and national security relies on being a global leader in science and technology. In New Hampshire alone, it is projected that we will need to fill 43,000 STEM-related jobs by 2018.

I have long supported STEM education, particularly nontraditional STEM teaching activities, like those that are promoted by FIRST Robotics in New Hampshire. I am concerned that the United States education system is not keeping pace to produce the workers to keep up with demand. Further, I am concerned that a gender gap exists within the STEM fields which must be addressed. Currently women comprise 48 percent of the U.S. workforce, but just 24 percent of the STEM workforce.

The budget proposes to realign and reorganize a number of Federal STEM education programs, moving them to the Department of Education, National Science Foundation and the Smithsonian. Some of the programs that have been marked for consolidation, such as those funded at NASA, support efforts like FIRST Robotics

that inspire an interest in STEM fields in a way that is impossible during the school day.

I'm concerned about this proposal and what it would do to that program, which helps thousands of young people discover a passion for STEM every year. How will the Department of Education ensure that effective STEM out-of-school time programs will be continued under the consolidation program?

Answer. Thank you for your support for STEM education. I agree that promoting STEM education beyond the classroom is key to improving student engagement and achievement in STEM fields. Our STEM Innovation Networks proposal would provide continued support for meaningful informal and out-of-school experiences (such as FIRST Robotics competitions) alongside efforts to put more effective teachers in STEM classrooms and accelerate adoption of effective STEM instructional practices in elementary and secondary schools. In addition, we are exploring ways to work with our Federal agency partners to promote engaging out-of-school experiences in STEM through the 21st Century Community Learning Centers program, which supports the establishment and expansion of centers that provide before- and after-school learning opportunities as well as summer programs to students attending schools with concentrations of students from low-income families.

#### COMPETITIVE FUNDING

*Question.* I applaud you for your strong commitment to education in this budget. Like you, I believe that in this difficult budget climate, such investments are critical to prepare students for careers in the 21st century economy. Your focus on quality education for all ages—from pre-school to higher education—is also laudable.

As a former Governor, I understand the importance of Federal investment in education at the State level. As I speak to educators in New Hampshire, they are concerned about your administration's shift to competitively awarded grants. While this budget does contain a number of important formula funded priorities, a number of your new initiatives, including the Race to the Top: College Affordability and Completion program, are competitive grants.

With the continuation of the competitive grants, what protections and assistance is the Department going to provide for small, rural States like New Hampshire, so that they can be competitive in receiving these grants?

Answer. We recognize that our emphasis on competitive grants to spur States and districts to improve their current approaches to education requires a special effort to ensure that all States and school districts, including rural States and districts, have a fair opportunity to compete for these grants. We have worked hard to provide needed technical assistance and guidance to applicants for competitive grants, and to create priorities in our competitions to help level the playing field for rural States and districts. And we think these efforts are paying off, as evidenced by the success of rural applicants as well as applicants serving significant numbers of rural students. For example, in the State Race to the Top and Early Learning Challenge competitions, we awarded grants to many States with large rural populations, such as Tennessee, Georgia, North Carolina, Minnesota, Ohio, Kentucky, and Louisiana. Nearly half of the districts that received funds under the Race to the Top District program are rural, and rural districts and schools have been very successful in the School Improvement Grants program, with rural schools representing 23 percent of SIG-awarded schools despite constituting just 20 percent of SIG-eligible schools.

I also would note that the size of a State does not necessarily constitute a barrier to success in competitive programs like Race to the Top. Delaware was one of the first two States receiving a Race to the Top award; Rhode Island also won a Race to the Top grant, and both of these small States have been successful in the Race to the Top: Early Learning Challenge competition. So we truly believe that all States and districts can be successful in competitive grant programs and, more importantly, in demonstrating the bold leadership needed to improve our education system for all Americans, no matter where they live. I know that your State of New Hampshire is showing exactly this kind of leadership in developing its ESEA Flexibility request, and I am confident that States like New Hampshire also will be able to win their fair share of awards under our competitive grant proposals.

#### COLLEGE PATHWAYS AND ACCELERATED LEARNING

*Question.* For almost 15 years, the Community College System of New Hampshire has been operating the Running Start program, a partnership between the State's community and colleges and high schools that allow high school students the opportunity to take courses at the college level. The program has met with incredible success in the State, and students have been able to seamlessly transfer credits earned to many 4-year colleges and excel in the career of their choice.

I am particularly intrigued by your \$102 million request for the College Pathways and Accelerated Learning program. I would welcome the opportunity to work with you on that initiative and wonder if you can comment on your vision for the new program, and how you see it being implemented across the country.

Answer. Thank you for your support for our proposed College Pathways and Accelerated Learning program. The President and I believe that we must redouble our efforts to improve the educational experiences and outcomes of students in our high-poverty secondary schools so that these students are truly prepared for college and careers. Our College Pathways and Accelerated Learning proposal is designed to help achieve that goal while responding flexibly to locally determined needs and would support, among other things, the expansion of: (1) accelerated learning options such as Advanced Placement and International Baccalaureate courses; (2) dual-enrollment programs, like New Hampshire's Running Start program, that allow students to take college-level courses (including courses in career and technical education) and earn college credit while in high school; and (3) "early college high schools" that allow students to earn a high school degree and an associate's degree or 2 years of college credit simultaneously.

Research suggests that making such accelerated learning opportunities more widely available to our underserved students holds promise. Regarding dual-enrollment programs, a Department-funded 2007 report by the Community College Research Center found that participants had more positive outcomes on a range of short- and long-term measures than did similar non-participants. Moreover, students from groups underrepresented in higher education, such as males and those from low-income families, appeared to benefit from dual-enrollment participation to a greater degree than other participants. And besides introducing "college culture" to secondary school students whose parents generally did not receive a college degree, dual-enrollment programs allow students from low-income families to reduce education costs by avoiding remedial courses and graduating from college early or on time.

As you know, the administration's fiscal year 2014 budget request also includes \$300 million for a new High School Redesign initiative. This initiative calls on local educational agencies to dramatically overhaul the high school experience and provide more rigorous and relevant education that prepares students for the demands of careers in today's globally competitive economy. Under this initiative, the Department will seek to promote models of high school redesign that ensure students graduate from high school with both college credit and career-related experiences or competencies, including through partnerships with community colleges and other institutions of higher education. I look forward to your support for this exciting new proposal as well.

We would be interested in learning more about the Running Start program and in sharing ideas for ways to help ensure that students from low-income families have the opportunity for accelerated learning that puts them on a path to college and careers.

#### SCHOOL LEADERSHIP PROGRAM

*Question.* There are many factors that go into creating a successful school. An effective principal can help to create a positive climate for educating students, cultivate leadership in others and help shape a vision of academic success for all students. Your budget proposal calls for more than tripling the Federal investment in training principals.

How will your new School Leadership Program build off what is already being funded at the Department of Education, and what more do you envision doing with additional funding?

Answer. With the substantial increase in funding proposed for fiscal year 2014, the Department would dramatically expand the scope of the School Leadership Program (SLP) to focus on training highly effective leaders for high-need schools and districts. This expansion would build on our current effort to develop the evidence base on principal preparation and professional development programs that have a positive effect on teaching and learning. The fiscal year 2013 School Leadership Program competition for new grant awards is encouraging applicants to address the challenges of preparing and supporting principals by creating or enhancing projects that contribute to the limited body of high-quality evidence on principal preparation, professional development for principals, or both. More specifically, under the selection criteria, applicants are encouraged to include an evaluation plan that is likely to produce valid, reliable, and rigorous evidence of the SLP-funded project's impact on producing effective principals, as measured, at least in part, using student outcome data. We have also invited applicants to design projects that will provide pro-

professional development for current principals in persistently low-achieving schools or in schools that their State has identified as priority schools or focus schools, in order to (1) help those principals master essential school leadership skills, such as evaluating and providing feedback to teachers, analyzing student data, developing school leadership teams, and creating a positive school environment; and (2) enable them to support instruction in their schools aligned to college- and career-ready standards.

The fiscal year 2014 request would expand on this year's competition by supporting grants for high-quality, large-scale professional development for a broader set of school leaders while continuing to build evidence of effectiveness. In particular, the Department would give priority to projects that propose to help current principals and school leadership teams master essential school leadership skills (such as evaluating and providing feedback to teachers, analyzing student data, developing school leadership teams, and creating a positive school climate), and deepen school leaders' understanding of college- and career-ready standards and effective instruction aligned to those standards. In addition, in response to research showing that district-level staff play an important role in helping develop and retain effective and highly effective principals, grantees serving current school leaders would also provide training on how to support and evaluate school leaders to principal managers (such as district superintendents).

The Department would also create incentives for applicants to set ambitious goals for their professional development programs, including goals related to student achievement gains, and to adopt reforms that would enable strong school leaders to put their training to good use and perform their jobs effectively, such as providing effective principals with greater autonomy.

Finally, the request is designed to complement the administration's other budget proposals. For example, the Department would reserve a portion of Effective Teachers and Leaders State Grants funds to prepare school leaders and develop school leadership teams who are able to turn around low-performing schools. The Department would also make competitive Teacher and Leader Innovation Fund grants to support innovative strategies undertaken by States and LEAs to raise the quality of teaching and school leadership, including by empowering principals in high-need schools with greater authority to select effective instructional teams for their schools.

#### COMMUNITY COLLEGE TO CAREER FUND

*Question.* In New Hampshire, our community college system has developed a program to identify labor needs, develop curricula in coordination with businesses throughout the State, and train current and future employees. While this program is still relatively new, companies, many of them manufacturers in the high tech sector, are already starting to see the benefits. It's a great model for how community colleges can work with area businesses and leverage educational resources to add value to the labor market.

In your budget proposal, you propose \$4 billion in mandatory funds, to begin in fiscal year 2015, for a Community College to Career Fund. Will this funding be used for existing models, new programs, or both?

*Answer.* We expect that these funds would support both the expansion of existing models and the development and implementation of new programs.

#### COMMUNITY COLLEGE TO CAREER FUND—ADDITIONAL USES OF FUNDING

*Question.* How else do you see this program being utilized?

*Answer.* Funds could be used to (1) identify pressing workforce needs and develop solutions such as standardizing industry certifications, development of new training technologies, and competency-based assessments that can give credit for prior learning and accelerate time to credential; (2) expand work-based training and other "earn and learn" opportunities that allow students to earn credit while gaining relevant employment experience in a high-wage, high-skill field; and (3) promote the availability of and access to data on student outcomes, including employment and earnings, by program of study.

#### COMPUTER SCIENCE TEACHERS

*Question.* STEM education is something that is so important to the country, and yet when we talk about it in policy discussions, we all think we mean the same thing, and we almost never do. For some, STEM education is math, cybersecurity or the new science standards. For others, it's engineering curriculum or getting more computers into K-12 schools. I'm concerned that our Federal policies don't recognize all of the subjects that fall under the "STEM" moniker that calls out just four



disciplines, and I have heard that computer science teachers in New Hampshire have difficulty finding professional development opportunities because of the interactions of Federal education policies—like the highly qualified teacher definitions, the list of core academic subjects and the narrow statutory definition of STEM itself.

How can we work with you to make sure that our policies don't inadvertently keep computer science and other important disciplines out of our schools at the very time the country needs them the most?

Answer. The administration's longstanding interpretation of "science" as a core academic subject under section 9101(11) of the Elementary and Secondary Education Act encompasses a wide range of scientific disciplines, including computer science. In our fiscal year 2014 budget request, including our proposed STEM Innovation Networks program, we continue to support efforts to improve student engagement and achievement across the scientific disciplines while flexibly responding to the needs of local educational agencies and schools.

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#### QUESTIONS SUBMITTED BY SENATOR JERRY MORAN

##### RACE TO THE TOP: COLLEGE AFFORDABILITY

*Question.* In a time of fiscal uncertainty, what is the Department's rationale for proposing to award funds for new unauthorized and unproven competitive initiatives, such as the new Race to the Top: College Affordability program, while electing not to increase existing formula grant programs that are the primary source of Federal education investments?

Answer. Funding for State formula grant programs, like title I and IDEA grants to States, comprises the vast majority of the President's fiscal year 2014 budget request for the Department of Education's non-Pell grant discretionary programs. These crucial programs are, and will remain, the cornerstone of the Department's mission and activities. However, none of these programs addresses an issue that is becoming increasingly problematic for individuals and families across the country—increasing college costs. While college attainment is more essential for success in the labor market than ever before, it is also becoming increasingly unaffordable for many Americans. Consequently, the President has requested funds to apply the Race to the Top model to the Nation's higher education system to drive change in State higher education policies and practices in order to improve college access, affordability, completion, and quality. The Department would use funds provided under this program to support grants to States that can demonstrate the capacity and willingness to undertake reforms and innovations to improve college access, affordability, and quality, achieve better student outcomes, and increase institutional capacity to graduate more students from college with high-quality credentials.

##### PRESCHOOL DEVELOPMENT GRANTS TO STATES

*Question.* Mr. Secretary, I am concerned by the Department's proposal to direct new discretionary funding for Preschool Development Grants to States with already robust State-funded preschool systems, as well as States that have already received Race to the Top: Early Learning Challenge funds. While I understand the rationale for rewarding those States, what considerations will be made for States that lack the capacity to establish high-quality pre-kindergarten systems and have more limited State-funded pre-kindergarten programs, especially recognizing that many of these States often serve the most disadvantaged children?

Answer. While the Preschool Development Grant proposal would help meet the needs of both high-capacity States and those States with lower capacity, the focus would be on States that are not yet ready to meet the requirements for participation in Preschool for All. Consequently, States with the most robust preschool systems would likely not be eligible for a Preschool Development Grant. States would use Preschool Development Grant funds to build capacity and support such quality improvement efforts as making facilities appropriate for preschool-aged children, developing the preschool workforce, and scaling up existing high-quality programs.

##### PRESCHOOL DEVELOPMENT GRANTS AND RACE TO THE TOP: EARLY LEARNING CHALLENGE GRANTS

*Question.* The Race to the Top: Early Learning Challenge Grants program is in only the second year of implementation and as a result has yet to show a proven record of success. Despite only beginning an investment in the Race to the Top: Early Learning Challenge Grants program in fiscal year 2011, the Department has now chosen not to fund this initiative leading to questions of whether the Federal investment was effective or a waste of Federal funding. The fiscal year 2014 budget

instead requests funding for yet another new, unproven program—Preschool Development Grants. Why should this subcommittee provide funding for another new early childhood quality initiative prior to understanding the impact of funding already directed to the Race to the Top: Early Learning Challenge Grants program?

Answer. The Race to the Top: Early Learning Challenge Grants (RTT-ELC) program provides grants to States to improve early learning and development programs for children from birth to 5, specifically by designing and implementing integrated systems of high-quality early learning and development programs and services. RTT-ELC funds State efforts to sustain and build on the strengths of numerous existing programs that support early learning (including Head Start, the Child Care and Development Fund program, and Parts B and C of the Individuals with Disabilities Education Act (IDEA)), acknowledge and appreciate their differences, reduce inefficiency, improve quality, and ultimately deliver a coordinated set of services and experiences that support young children's success in school and beyond.

The Preschool Development Grants program would focus specifically on State efforts to improve and expand high-quality preschool programs for 4-year-olds. These grants will not duplicate the work of RTT-ELC. Instead of providing funds to States to coordinate and integrate existing early learning systems, Preschool Development Grants would be targeted to State efforts to increase the quality and capacity of preschool for 4-year-olds.

#### RACE TO THE TOP: EARLY LEARNING CHALLENGE GRANTS PROGRAM IMPACT

*Question.* Please provide specific information on the results to date of the Race to the Top: Early Learning Challenge Grants program, in particular, progress in developing quality systems that serve birth to age 5 children, including preschool-aged children.

Answer. On February 15, 2013, Race to the Top: Early Learning Challenge Grants (RTT-ELC) grantees submitted their first Annual Performance Reports (APR) covering the grant period from January 1 to December 31, 2012. The APRs were designed to mirror the selection criteria and priorities in State applications. Grantees were asked to report on progress in all the selection criteria areas relevant to their application, including performance data, demographic data, and a first year budget report.

These initial APRs and APR Summary documents are available at: <http://www2.ed.gov/programs/racetothetop-earlylearningchallenge/index.html>.

The Departments of Education (ED) and Health and Human Services (HHS) are working collaboratively with HHS's Office of the Assistant Secretary for Planning and Evaluation to conduct an analysis of the fiscal year 2013 APRs. Through this analysis the Departments hope to have more information available in August 2013, regarding the progress of participating States in developing quality systems that serve children birth to age 5.

#### PRESCHOOL DEVELOPMENT AND RACE TO THE TOP: EARLY LEARNING CHALLENGE GRANTS

*Question.* Will the Department commit to prioritizing funding for Preschool Development Grants to States that have yet to receive Race to the Top: Early Learning Challenge Grants, so that those States can develop high-quality pre-kindergarten systems?

Answer. We do not expect to consider whether a State has received a Race to the Top: Early Learning Challenge grant in making Preschool Development Grant awards. Additionally, both low-capacity and high-capacity States would be eligible for Preschool Development Grants.

#### PRESCHOOL DEVELOPMENT GRANTS—DISTRIBUTION OF FUNDS TO STATES

*Question.* What specific percentage or specific dollar amount of the requested \$750 million for Preschool Development Grants will be awarded to States with more limited State-funded pre-kindergarten systems and what specific percentage of funds or specific dollar amount will be awarded to States with more robust pre-kindergarten systems?

Answer. The Department has not specified a specific percentage or dollar amount to be awarded to States with low- or high-capacity under the Preschool Development Grants program at this time.

## PRESCHOOL DEVELOPMENT GRANTS—HIGH-QUALITY PROGRAM REQUIREMENTS

*Question.* When does the Department expect that all States will meet the requirement of offering high-quality programs to be able to access mandatory funds and what level of commitment will be required by States to receive funding?

*Answer.* The Department expects that all States would be eligible to participate in Preschool for All by the third year of the program. To be eligible for Preschool for All, States would have to demonstrate that they have (1) early learning and development standards across the essential domains of school readiness; (2) high-quality program standards; (3) requirements for teacher and staff qualifications; and (4) the ability to link preschool data with K–12 data. Additionally, States would be required to contribute non-Federal matching funds. This match would be modest in the early years, beginning at 10 percent of the Federal investment, and would increase over time. A State would also be eligible for a reduced match rate if it has a plan to serve additional children from middle-income families.

## PRESCHOOL FOR ALL INITIATIVE

*Question.* If mandatory funds are not provided for the Preschool for All initiative, why should this subcommittee provide discretionary funding for Preschool Development Grants, which the budget request states would pave the way for the successful implementation of Preschool for All?

*Answer.* Multiple studies have shown the benefits of high-quality preschool, particularly for children from low-income families. Children who attend high-quality preschool are better prepared for school, less likely to be retained in grade, score higher on reading and math assessments in the elementary grades, and are more likely to graduate from high school than children who do not attend such programs. Even in the absence of Preschool for All, States would benefit from targeted quality investments funded through Preschool Development Grants that would help prepare them to offer high-quality preschool to 4-year-olds from low- and moderate-income families.

## IDENTIFYING HIGH-QUALITY PRE-KINDERGARTEN PROGRAMS

*Question.* Could you please lay out the performance measures, standards, and appropriate assessments that the Department will use to ensure that pre-kindergarten programs are delivered in a “high-quality” manner?

*Answer.* The definition of high-quality preschool, based on nationally recognized standards, includes, at a minimum, the following elements: (1) high staff qualifications, including a bachelor’s degree for teachers; (2) professional development for teachers and staff; (3) low staff-child ratios and small class sizes; (4) a full-day program; (5) developmentally appropriate, evidence-based curricula and learning environments that are aligned with the State early learning standards; (6) employee salaries that are comparable to those for K–12 teaching staff; (7) ongoing program evaluation to ensure continuous improvement; and (8) onsite comprehensive services for children.

The Department has yet not developed performance measures for Preschool for All or Preschool Development Grants. However, such measures would, at a minimum, track a State’s progress in (1) increased school readiness; (2) decreased educational gaps; (3) decreased placement in special education programs and services; and (4) decreased need for remediation in the early elementary grades.

## IMPACT AID PAYMENTS FOR FEDERAL PROPERTY

*Question.* The fiscal year 2014 budget requests no funds for Payments for Federal Property under Impact Aid on the basis that these payments compensate school districts for lost property tax revenue without regard to whether those districts educate any federally connected children. However, this justification ignores that in some communities the Federal Government is the largest landowner, which significantly diminishes a school district’s revenue source. How would the elimination of Payments for Federal Property impact the educational opportunities of students in districts that currently benefit from such payments due to the presence of Federal land?

*Answer.* The policy of the administration is to use available Impact Aid funds to help pay for the education of federally connected children, including children of members of the uniformed services, children of Federal employees who both live and work on Federal property, children of foreign military officers, children living on Indian lands, and children residing in federally assisted low-rent housing projects. Given the restrictions imposed by the Budget Control Act of 2011, the administration has proposed to maintain \$1.2 billion in funding to four Impact Aid programs

(Basic Support Payments, Payments for Children with Disabilities, Construction and Facilities Maintenance) and a continued commitment to the educational outcomes of federally connected students supported by those Impact Aid programs.

Unlike other Impact Aid programs, Payments for Federal Property are made to LEAs without regard to the presence of federally connected children and do not necessarily provide for educational services for such children. When the Payments for Federal property authority was first established in 1950, its purpose was to provide assistance to LEAs in which the Federal Government had imposed a substantial and continuing burden by acquiring a considerable portion of real property in the LEA. The law applied only to property acquired since 1938 because, in general, LEAs had been able to adjust to acquisitions that occurred before that time. Over 64 percent of districts that currently receive Payments for Federal Property first applied before 1970. We believe that the majority of LEAs receiving assistance under this program have now had sufficient time to adjust to the removal of the property from their tax rolls.

In addition, many LEAs receiving funds under this authority consists of two or more LEAs that consolidated, at least one of which originally met the eligibility criterion of a loss of 10 percent of the aggregate assessed value of real property removed from the tax rolls. The current statute allows such LEAs to retain eligibility even though they are no longer demonstrably burdened. The continuing receipt of funds by these LEAs further weakens the case for continuing the program.

#### RURAL COMMUNITIES AND COMPETITIVE CAREER AND TECHNICAL EDUCATION PROGRAMS

*Question.* High school students living in rural communities often benefit from career and technical education (CTE) programs and services that align curricula with the needs of industries in the community, as well as provide agriculture work-based learning experiences. If career and technical education funds were to be distributed in a manner consistent with the Department's reauthorization proposal, it is my understanding that States would be required to award funds on a competitive basis to local providers. This could exacerbate the ability to serve students from rural areas as rural school districts, historically, have a lower success rate in Department of Education competitions. How will the Department make certain that States have the ability to provide their students access to career and technical education services, particularly from the perspective of rural communities?

*Answer.* Our more recent experience with programs like Race to the Top, School Improvement Grants, and Promise Neighborhoods suggests that rural school districts can win their fair share of funds in Federal grant competitions, particularly when those competitions are designed carefully to take into account the needs of rural areas and the importance of serving them effectively. The Department envisions that the Perkins reauthorization proposal would address the needs of rural students through a combination of strategies, including structuring State-level requirements to ensure that the economic needs of rural communities are considered in the creation of CTE programs; requiring that resources are made available to provide rural students with access to rigorous, high-quality CTE programs; promoting the use of distance learning technology to increase access to high-quality learning opportunities; and using consortia of LEAs and postsecondary institutions to ensure that rural students are connected to postsecondary institutions, even in rural communities where there are no postsecondary institutions nearby.

#### STEM EDUCATION

*Question.* I recently had the opportunity to visit the Kansas Academy for Mathematics and Science at Fort Hays State University. Each year, 40 high school juniors from around Kansas move into a campus dorm, where they complete their last 2 years of high school while also taking college math and science courses. This visit reaffirmed my belief in the continued need for a highly educated and innovative STEM workforce to ensure our Nation's competitiveness. Within the Department of Education, how will the Governmentwide realignment of Federal STEM programs eliminate inefficiency within the Department and inspire a generation of innovators who have the science, technology, engineering, and math skills to solve the challenges our Nation will face in the 21st century?

*Answer.* The administration's proposed STEM education reorganization calls on the Congress to support a cohesive national STEM education strategy and eliminate the patchwork of STEM education programs that have proliferated in Federal agencies over time. At the Department of Education, this proposal focuses on more effective investment in elementary and secondary STEM education through a new, coordinated STEM Innovation initiative. The STEM Innovation initiative is designed

to help ensure that our Nation's children are prepared to succeed in a global economy increasingly reliant on STEM knowledge and skills by identifying and spreading the use of effective STEM instructional practices in elementary and secondary schools; increasing student engagement in STEM fields, including through out-of-school experiences; and recruiting, preparing, and further developing highly effective STEM teachers.

#### ENSURING QUALITY IN STEM EDUCATION

*Question.* What steps is the Department taking to see that students who are being taught in traditional classrooms have access to the quality of STEM learning opportunities provided to students at the Kansas Academy of Mathematics and Science?

*Answer.* One of the goals of our proposed STEM Innovation Networks program is to replicate and expand efforts to provide students with access to accelerated learning opportunities such as those of the Kansas Academy of Mathematics and Science. Under our proposal, which would provide competitive grants to local educational agencies and partner entities to transform STEM teaching and learning in elementary and secondary schools, a central element of the comprehensive plans that grantees would develop and implement is the provision of advanced coursework, including through dual enrollment and other options for earning credit toward a postsecondary credential. The fiscal year 2014 budget request also includes targeted support for accelerated learning through the proposed High School Redesign and College Pathways and Accelerated Learning programs, which would promote, among other things, the expansion of advanced courses, such as Advanced Placement and International Baccalaureate courses; dual-enrollment programs; and "early college high schools" that allow students to earn a high school diploma and an associate's degree or 2 years of college credit simultaneously.

#### STUDENT FINANCIAL AID FISCAL YEAR 2014 BUDGET REQUEST

*Question.* Access to quality higher education opportunities is essential to moving out of poverty and into the productive workforce. That being said, I am concerned about the long-term sustainability of the Pell Grant program and the impact of the budget request on campus-based aid programs, including the Perkins program. Can you please provide more detail on the future of student financial assistance under the fiscal year 2014 budget request, particularly as it relates to students from low-income and disadvantaged backgrounds?

*Answer.* We see student financial assistance as being the shared responsibility of States, institutions, the Federal Government (both the administration and Congress), and students. The Department's role in this is to maintain its commitment to providing students with the resources they need to complete their program, and generally doing what it can to ensure college remains affordable. This includes ensuring Pell is fully funded and on a financially sustainable path.

In the 2014 budget, one of the biggest ways we hope to make college more affordable is by reforming campus-based aid to target it to institutions that will provide quality education at a reasonable price. The types of institutions that would be successful under this new formula would be those that offer relatively lower tuition and/or restrain tuition growth, and those that offer high quality education and training to prepare their graduates for jobs and repay their student loan obligations. Importantly for low-income students, how well an institution is able to enroll and graduate a high number of their Pell-eligible students would also be a consideration.

The budget also introduces a reformed student loan interest rate structure, but, significantly, one that would continue the current practice of offering lower rates to students with the greatest financial need (those who qualify for subsidized Stafford loans). And it also provides borrowers with more loan repayment options, with the expansion of the Pay As You Earn plan. Borrowers who select this repayment plan would be required to pay a reasonable monthly repayment amount more closely aligned with the discretionary income available based on their earnings than in other plans.

#### CAMPUS-BASED AID PROPOSALS IN THE FISCAL YEAR 2014 BUDGET REQUEST

*Question.* It is my understanding that the Department's plan for changes to campus-based aid programs could increase the burden of reporting requirements and regulations for higher education institutions, which would likely come at an increased cost to these institutions. Additionally, a recent Government Accountability Office report found there should be better coordination of Federal student aid assistance. Therefore, could introducing another level of complexity and regulation into the delivery of campus-based aid programs without a clear plan for implementation

increase costs to higher education institutions, which would then most certainly be passed onto students in the form of higher tuition costs?

Answer. Unfortunately, the higher education landscape has already been marked by ever-rising college costs, with families and students struggling to keep up. This is why President Obama has called for changes—including reforming how campus-based aid is distributed, setting student loan rates comparable with the market, increasing access to Perkins loan funds, and others—to drive college affordability. Through the campus-based aid proposal, we continue this work by encouraging a better system of distributing financial aid funds to institutions based on measures like access, quality, and completion. In fact, under the budget policy, institutions that are not able to restrain tuition increases will see aid shifted away from them and toward institutions that do it better.

We don't believe this plan would be burdensome for institutions, because it would be developed in consultation with accrediting agencies and the institutions, with the goal that it be reasonably easy to implement, and be sustainable long-term. It is vital that all actors—institutions, the Federal Government, States, and accrediting agencies—"buy-in" to any system changes, because we all have a shared responsibility to improve higher education and get the best possible outcomes for students.

#### ACCREDITATION OF HIGHER EDUCATION INSTITUTIONS AND ELIGIBILITY FOR FEDERAL STUDENT AID

*Question.* Following the President's State of the Union address, supplemental documents were released that stated, "The President will call on Congress to consider value, affordability, and student outcomes in making determinations about which colleges and universities receive access to Federal student aid, either by incorporating measures of value and affordability into the existing accreditation system; or by establishing a new, alternative system of accreditation that would provide pathways for higher education models and colleges to receive Federal student aid based on performance and results." As the budget request does not appear to lay out the administration's plan with regard to the accreditation process in relation to institutional eligibility for Federal student aid, when can this Subcommittee expect to receive additional information? Please provide specific details of this proposal.

Answer. We believe it should be up to Congress, in consultation with higher education institutions, to determine whether the current accreditation system should be reformed to consider value and affordability, or an alternative system be put into place that would use performance and results on which an institution's participation in the student aid programs would be based. The benchmarks for all of these metrics would also be determined through this process, not dictated by the Department. However, we do believe that it is necessary to include these and similar factors to create a student financial aid system with the integrity to not reward institutions that fail students. We are committed to working with Congress and the higher education community to develop a system that serves students first and foremost.

#### HIGHER EDUCATION INSTITUTION ACCREDITATION AND STATE AUTHORIZATION RULE

*Question.* It is my understanding concerns have been raised regarding the Department's recent interpretation of the State authorization rule that would disqualify higher education institutions that achieved State approval based on their accreditation status. Could you please provide this Subcommittee with an update on the status of this issue, as well as the impact of the July 1, 2013, deadline for compliance on higher education institutions?

Answer. The State authorization regulations provide that, for institutions that are established by a State as an educational institution, the State may provide an approval based on the institution's accreditation status. For institutions that are established by a State on the basis of an authorization to conduct business in the State or to operate as a nonprofit charitable institution (not established by the State as an educational institution), the regulations explicitly provide that such institutions cannot be exempted from the State's licensure or approval requirements solely on the basis of an institution's accreditation status. However, an institution's accreditation status may be included as part of the State's approval process provided that the State has a substantive approval process beyond simply verifying an institution's accreditation status.

#### FEDERAL TRIO PROGRAMS IN THE FISCAL YEAR 2014 BUDGET REQUEST

*Question.* I recently met with college students from Kansas that have benefited from the services offered under Federal TRIO programs. In particular, I spoke with Clint Jensen who explained that as an Iraq war veteran and first-generation college student, the TRIO program at the University of Kansas played a crucial role in pro-

viding student support and advising services. He commended TRIO for recognizing and supporting students, especially from rural communities, that have the potential to succeed. Please provide detail on the impact of the fiscal year 2014 budget request on TRIO programs and services.

Answer. The administration has requested \$839,932,000 for the Federal TRIO programs in fiscal year 2014, which represents a 5.5 percent increase over the fiscal year 2013 level after sequestration. At this level, the Department expects to support approximately 2,792 projects providing support services to approximately 792,000 students.

#### DISTANCE EDUCATION

*Question.* Adult, continuing, and especially distance education services are crucial in States with a dispersed population and an economy that increasingly demands a highly skilled workforce. What efforts can the Department of Education undertake, within the constraints of the current budget, to establish a consistent and predictable process that encourages higher education institutions to support distance education initiatives to reach all students, particularly rural students?

Answer. The administration believes that institutions of higher education should continue to explore alternative methods of providing educational instruction, including online learning, while pursuing alternative learning measurement strategies, including competency-based education, experiential, and prior-learning credit. The administration's 2014 budget request includes funds for two new initiatives—Race to the Top: College Affordability and Completion (RTTCAC) and the First in the World (FITW) Fund—that would offer incentives to States, institutions of higher education, and nonprofit organizations to undertake reforms and innovations, including in the ways in which college students receive instruction and demonstrate competencies. In particular, RTTCAC would support grants to States that can demonstrate a capacity and willingness to undertake certain reforms, including removing barriers preventing the creation of innovative methods of student learning and new degree pathways. The FITW competition, to be administered under the Fund for the Improvement of Postsecondary Education (FIPSE), would provide grants to institutions of higher education proposing innovative and evidence-based strategies to improve student learning outcomes. It would also provide funds to help create third-party validation systems that could make it easier for the creation of competency-based learning systems and experiment with pay-for-success awards to encourage all types of providers to offer low-cost 2-year degrees.

#### STATEWIDE LONGITUDINAL DATA SYSTEMS

*Question.* One of the biggest challenges that States face in linking relationships between communities, schools, opportunities to learn, and student outcomes is the nature of data that is available. Investments in systems that allow researchers and policy makers to design and collect robust data to help States invest wisely in education initiatives are critical to improving outcomes for all students. Recognizing the importance of robust data, Kansas has worked diligently to establish a statewide longitudinal data system. How does this budget invest in efforts that make it possible for States to sustain and improve these data systems?

Answer. The administration has requested \$85 million for the Statewide Data Systems program in 2014, an increase of nearly \$49 million from the 2013 level. This increase would allow the Department to support \$36 million in new grants, as well as a \$10 million postsecondary data initiative designed to improve information on students as they progress from high school to postsecondary education and the workforce. The new grants would support State activities to create linkages with early childhood data systems and expand the ways that States are using data to improve student achievement and support education reforms. At the request level, we would be able to support approximately 25 new grant awards.

In addition, the Department would continue to support activities to improve data quality, coordination, and use.

#### NEW MANDATORY FUNDING IN THE FISCAL YEAR 2014 BUDGET REQUEST

*Question.* The Department's request for new mandatory funding would increase taxes and grow the size of the Government at a time when we should be reigning in spending on mandatory programs. As the Department also requests a \$3.1 billion increase in discretionary funding above fiscal year 2012 levels, why did the Department not seek funding through the discretionary process for these initiatives?

Answer. As is the case with the discretionary increases in our budget, the mandatory funds we requested are part of a comprehensive and balanced plan that reduces the deficit while investing in our economic future. Every new education initiative

in the plan is fully paid for in other parts of the fiscal year 2014 budget, so they do not add a single dime to the deficit. In fact, the President's budget includes \$1.8 trillion of additional deficit reduction over 10 years, bringing total deficit reduction to \$4.3 trillion.

In the case of Preschool for All, the President would pay the full cost of this new mandatory program by increasing the Federal tax on tobacco. In proposing this offset, we are following the example of a number of States—both red and blue—that have used funds tied to tobacco to pay for programs that benefit children's health and education, either through their own State tobacco tax or from funds from States' 1998 settlement with the tobacco industry. In addition to helping to finance universal Pre-K education, increasing the tax on tobacco would discourage unhealthy habits that harm adults and children and strain our healthcare system and economy. As the Federal tax goes up, we should expect the popularity of this unhealthy habit to continue to decline. This will lead to fewer deaths and lower healthcare costs and millions more children ready for school—that's a double benefit.

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#### QUESTIONS SUBMITTED BY SENATOR RICHARD C. SHELBY

##### HIGH-NEED, RURAL AREAS AND COMPETITIVELY FUNDED PROGRAMS

*Question.* The President's budget proposal includes a substantial increase in the amount of discretionary funding that would be competitively awarded. In fact, despite a \$3.1 billion increase in the Department's budget, there is only one requested increase for a formula funded program. I remain concerned that prioritizing funding increases and new funding for programs distributed competitively rather than formula funded programs results in the redirection of critical Federal funds from rural States to urban areas. As we have seen from the Race to the Top program, rural States do not receive funding at the same level as those with large, urban populations. For example, Alabama, Kansas, and Iowa did not receive any funding through the various Race to the Top competitions. Why is the Department not addressing the clear need to fund education programs in high-need areas?

*Answer.* We have maintained strong continued support for key "foundational" Federal education formula grant programs, such as title I and special education grants to States, while at the same time investing new resources in competitive grants to spur innovation by States and districts aimed, in part, at helping to leverage more effective use of Federal formula grant funds. I would also note that we are proposing a very significant mandatory program—\$75 billion over 10 years for Preschool for All—that would be allocated to States by a need-based formula.

Competitive grant programs are not designed to produce awards for every State, but the Race to the Top program has awarded grants to many States with large rural populations, such as Tennessee, Georgia, North Carolina, Minnesota, Ohio, Kentucky, and Louisiana. In addition, nearly half of the districts that received funds under the Race to the Top District program are rural, and rural schools actually have been overrepresented in the School Improvement Grants program, with the rural share of SIG-awarded schools exceeding the rural share of SIG-eligible schools.

We do agree that it is important to maintain a level playing field in our competitive grant programs, and we have worked hard to achieve this goal through such efforts as awarding competitive priority points for applicants proposing to serve rural districts and schools and encouraging applications from consortia that can help address capacity issues faced by many smaller, rural States and districts. Under our fiscal year 2014 request we would continue these efforts in order to bring the benefits and incentives of competition to bear on meeting the widest possible range of challenges faced by educators across America, including those in rural States.

##### MATHEMATICS AND SCIENCE PARTNERSHIPS PROGRAM AND STEM INNOVATION NETWORKS PROPOSAL

*Question.* Mr. Secretary, the United States continues to fall behind other developed countries in math and science education. I believe it is critical to direct funding to close the growing achievement gap between the United States and our global competitors in this area. The jobs of the future depend on an educated workforce that is strong in math and science skills. In Alabama, the Mathematics and Science Partnerships program has helped fund the highly successful Alabama Math, Science, and Technology Initiative that is a leading model for math and science education across the Nation. Could you please lay out in detail the Department's plan for changes to the awarding of subgrants under the Mathematics and Science Part-



nerships program to align with the evidence-based STEM Innovation Networks proposal?

Answer. If the Congress funds the administration's proposal for a new STEM Innovation Networks program, we would want to ensure, through appropriations language, that the activities of grantees under both this program and the Mathematics and Science Partnerships (MSP) program can be aligned and leveraged to produce the greatest impact in improving the quality of STEM instruction, particularly in high-need schools. This could mean, for example, authorizing States to use MSP funds to support an expanded set of evidenced-based activities consistent with those under the STEM Innovation Networks proposal and to give priority in their competitions for MSP subgrants to applicants whose proposed projects are coordinated with the comprehensive plans for improving STEM learning opportunities that STEM Innovation Networks grantees would develop and implement.

In addition, the Department is currently developing regulations to help ensure that MSP-funded partnerships implement projects on a schoolwide basis (and not only for a handful of teachers in a school, resulting in uneven within-school impact too often seen under the current program structure) and have the commitment of school administrators.

#### DISTANCE EDUCATION AND PROGRAM INTEGRITY REGULATIONS

*Question.* Secretary Duncan, I continue to voice my concerns regarding State authorization provisions under the proposed Program Integrity regulations and the potential impact on access to distance education at higher education institutions. At the risk of losing Federal financial aid, colleges and universities will be required to request permission to offer their distance education programs in every State in which a student is located. Many States already have legislation that requires registration. This requirement is duplicative, costly, time-consuming, and academically unnecessary. Mr. Secretary, why does the Department of Education believe it must interfere where States already have efficient and equitable policies in place regarding distance learning?

Answer. Institutions have always been responsible for complying with all State laws concerning State authorization requirements, including requirements for institutions providing distance education, to be considered eligible institutions under the Title IV Federal Student Aid programs. The regulatory requirements under 34 CFR 600.9(c), commonly known as the State authorization distance education regulations, specifically provide that, if an institution is offering postsecondary education through distance or correspondence education to students in a State in which the institution is not physically located or in which it is otherwise subject to State jurisdiction as determined by the State, the institution would be required to meet any State requirements for it to legally offer postsecondary distance or correspondence education in that State.

On July 12, 2011, in response to a legal challenge by the Career College Association, the U.S. District Court for the District of Columbia vacated the regulation under 34 CFR 600.9(c) on procedural grounds (*Career College Ass'n v. Duncan*, 796 F. Supp. 2d 108 (D.D.C. 2011)). On August 14, 2012, on appeal, the U.S. Court of Appeals for the D.C. Circuit affirmed the decision of the district court and ruled that the regulation under 34 CFR 600.9(c) is not a logical outgrowth of the Department's proposed rules. It remanded the case to the district court with instructions to remand the regulation to the Department for reconsideration consistent with the D.C. Circuit's opinion (*Ass'n of Private Sector Colleges and Universities v. Duncan*, 681 F.3d 427 (D.C. Cir. 2012)). In order to address the procedural concerns identified by the D.C. Circuit, the Department is now considering regulatory changes related to State authorization for programs offered through distance education or correspondence education.

#### GAO REPORT ON COORDINATION AND DUPLICATION OF FEDERAL ASSISTANCE FOR HIGHER EDUCATION

*Question.* I am aware that a recent Government Accountability Office (GAO) report on fragmentation, overlap, and duplication found that Federal agencies providing financial assistance for higher education should better coordinate to improve program administration and help reduce fragmentation. The report states that, "For over 10 years, GAO has identified weaknesses in the coordination of Federal assistance for higher education, as well as a lack of evaluative research on the effectiveness of this assistance." What steps does the Department take in the fiscal year 2014 budget request to address the findings of the recent Government Accountability Office report?

Answer. In the report you reference, the Government Accountability Office recommended that the Department “sponsor and conduct evaluative research into the effectiveness of Title IV programs.” In the fiscal year 2014 budget, the administration requested an additional \$67 million in the GPRA Data/HEA Program Evaluation account to support research, evaluations, and demonstrations to study student financial aid delivery. This research would focus on approaches that promote postsecondary access, program completion, and high-quality, affordable education programs. Specific research proposals presented in the budget which would utilize these funds include the on-going evaluation of the experimental sites study, and a demonstration and evaluation of dual enrollment programs.

Currently underway, the experimental sites study looks at the effects of offering Pell Grants for job training to students who are income-eligible, but would not qualify for Pell funding either because they had a bachelor’s degree or because they planned to enroll in shorter term training than currently allowed under the program. The 5-year study will examine the effects of expanded access on Pell Grants on students’ employment and earnings.

The dual enrollment proposal, meanwhile, is a new initiative designed to allow approximately 20,000 high school and adult students earn postsecondary credit while still in high school or studying for a high school equivalency credential. Funds would go directly to partnerships of higher education institutions and State and local educational agencies—awarded through a competitive grant process with priority to those programs most cost-effective—which apply for support service grants to cover required tuition, fees, books, and supplies costs of participating students. A portion of this funding would also go toward evaluating the effectiveness of providing student aid as a way to increase access to dual enrollment programs, and whether these programs improve college enrollment, credential attainment, and future earnings. The Department would use approximately \$32 million of the requested GPRA/HEA funds, together with \$10 million from Career and Technical Education (CTE) National Programs, for this project.

At the fiscal year 2014 request level, the Department also plans additional studies to improve postsecondary success and outcomes, which may include:

- evaluating the impacts of different loan counseling models on borrower behavior;
- examining the effectiveness of risk-sharing in the Pell grant program to encourage increased success for low-income students; and
- examining the impacts of consumer information on aid application and college selection.

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#### QUESTIONS SUBMITTED BY SENATOR LAMAR ALEXANDER

##### AUTONOMY OF THE INSTITUTE OF EDUCATION SCIENCES

*Question.* Research funding is a core responsibility of the Institute of Education Sciences (IES) and I appreciate your recognition of the important role that research plays in reforming and improving teaching and learning. The role of education research works best, however, when it is shielded from political forces or any other influence. Policymakers and educators depend on unbiased information and results. What aspects of your budget requests, or other activities, is the Department of Education undertaking to ensure the autonomy of IES and its research funding activities?

Answer. The Secretary of Education has delegated to the Director of the Institute of Education Sciences all the programmatic authorities contained in the Education Sciences Reform Act. This written delegation ensures the autonomy of the Institute and its research funding activities. The National Board for Education Sciences approves the Director’s research priorities and the Institute’s procedures for peer review of both grant applications and Institute reports and publications. In addition, the Institute has its own independent publication authority, with its reports subjected to peer review, but not to departmental clearance.

##### FEDERAL STUDENT AID AND LOAN DEFAULTS

*Question.* According to the fiscal year 2014 budget documents, the Department of Education is anticipated to make over \$106 billion in direct loans to students in fiscal year 2013 and will make over \$112 billion in fiscal year 2014. Moreover, the Department will deliver and support nearly \$177 billion in grant aid, work-study funds, and loans to students from 2012–2013. What is the Department doing, both from a budgetary standpoint and operationally, to manage this growing portfolio of loans as student default numbers continue to rise?

Answer. Passage of the Health Care and Education Reconciliation Act of 2010 (HCERA) resulted in significant changes to the Federal student loan programs. The biggest change was that, beginning July 1, 2010, all new Stafford, PLUS, and Consolidation loans would be made under the William D. Ford Federal Direct Loan (Direct Loan) Program.

The Department of Education's office of Federal Student Aid (FSA) went to great lengths to update its systems and increase its capacity. Beginning in 2008, FSA increased the Direct Loan origination capacity of its Common Origination and Disbursement (COD) system. FSA also augmented its back-end servicing capacity with the award of four loan servicing contracts to private-sector companies—Nelnet Servicing, Great Lakes Educational Loan Services, Sallie Mae, and the Pennsylvania Higher Education Assistance Agency (PHEAA). These contracts compete amongst themselves for servicing volume through performance-based contracts. The contracts are designed to encourage servicers to have borrowers remain in repayment status and drive borrowers to this status if they have gone delinquent. Annual volume allocations are determined by five metrics with two measuring default prevention efforts through the percentage of borrowers and percentage of dollars in each servicer's portfolio that go into default.

At the time, FSA also began reaching out to the higher education community to offer assistance and guidance as schools contemplated joining the Direct Loan Program. FSA established and published the "Direct Loan Source", a monthly newsletter for schools considering a transition to the Direct Loan Program. FSA representatives attended over 40 regional and State financial aid conferences held throughout the country providing training to 10,000 financial aid professionals in attendance.

FSA also established and implemented a comprehensive training plan designed to assist schools wishing to transition to the Direct Loan Program. FSA hosts an annual training conference for financial aid professionals from schools across the country and abroad, as well as webinars throughout the year. Direct Loan training has been offered and provided to thousands of financial aid professionals.

Additionally, the Department has started to analyze customer segmentation data in order to better counsel student loan borrowers. For example, data on student loan debt levels is used to inform recommendations about communications and outreach related to income-based repayment.

#### *StudentAid.gov*

- In July 2012, the administration introduced StudentAid.gov, a consolidated Web site that provides straightforward and easy-to-understand information about planning and paying for college. The new Web site, which is mobile optimized, also offers short videos and infographics to help make complex financial aid topics easier to understand.
- Topics covered on the site include: how to prepare for postsecondary education, the various types of student aid available (such as loans, grants, scholarships, and work-study jobs), who is eligible to receive loans and grants, how to apply, and how to manage student loans after leaving school.

#### *Financial Awareness Counseling Tool (FACT)*

- In June 2012, the administration introduced the Financial Awareness Counseling Tool to provide students with financial management basics, information about their current loan debt, and estimates for student loan debt levels after graduation. The tool offers five interactive tutorials covering topics ranging from managing a budget to avoiding default. Students are able to access their individual loan history and receive personal feedback that can help them better understand their financial obligations.

#### *Repayment Estimator*

- New tool launched by Department to help borrowers better understand the different repayment plans available to them.
- Using borrowers actual loan history, the Repayment Estimator provides borrowers with actual repayment amounts and loan terms as well as principal and interest paid under each of the Department's repayment options.

#### *Model Award Letter (The Shopping Sheet)*

- The Model Award Letter, also known as The Shopping Sheet, is intended to make it easier for students and their families to compare college costs and make informed decisions about college. The Shopping Sheet standardizes financial aid award letters, making it easier for students and their families to truly understand college costs and make comparisons between competing college offers.

FSA has also implemented several income-driven student loan repayment plans which help borrowers manage their student loan obligations.

*The Income-Based Repayment (IBR) Plan*

—IBR is a repayment plan for many types of Federal student loans that caps the required monthly payment at an affordable amount based on income and family size. Under an IBR, student loan payments are capped at 15 percent of the borrowers discretionary income.

*The Pay As You Earn (PAYE) Repayment Plan*

—The Pay As You Earn Repayment Plan helps borrowers reduce their student loan burden by limiting monthly payments to 10 percent of their discretionary income. PAYE was made available to borrowers beginning on December 21, 2012.

*The Public Service Loan Forgiveness (PSLF) Plan*

—The PSLF Program encourages individuals to enter public service and, when used in conjunction with an income-driven repayment plan, may qualify borrowers for forgiveness of a portion of their Federal student loans. Employees of Government and non-profit organizations are eligible for PSLF.

STUDENT LOAN DEFAULT COLLECTION

We also take our default collection efforts seriously in the Department and want to make sure that we are striking the right balance between helping borrowers who have hit hard times and honoring our responsibility to be good stewards of taxpayer dollars. Our entire approach to default collection is structured to encourage full repayment while ensuring borrowers are aware of both the consequences of their failure to repay and the options available to help them get out of default. Our monitoring, oversight, and complaint resolution processes are all geared toward ensuring that borrowers are counseled promptly and professionally and that vendor collection efforts do not exceed the boundaries set under the contracts. We review our contractors' performance on an ongoing basis and modify our guidance and agreements as needed to maintain a reasonable balance between student and taxpayer interests.

—To assist borrowers to better manage their Federal obligations, we implemented a new methodology for determining reasonable and affordable payments for borrowers attempting to rehabilitate their loans.

DATA INTEGRITY SUPPORT IN STUDENT AID ADMINISTRATION REQUEST

*Question.* In February 2013, the Department delayed the release of cohort default rates (CDRs) to institutions of higher education without mentioning a reason for the delay. I have heard from a number of colleges and universities that question the accuracy of the Federal student debt data in the College Scorecard from the White House. In April 2011, the Department notified institutions that it had erroneously inflated CDRs for a number of institutions. This abridged history of mismanagement of key metrics is troubling. How will the Department ensure that data integrity is of highest concern and priority in the Department's fiscal year 2014 budget request for Federal Student Aid administration?

*Answer.* The Department strives to ensure accurate data in its programs. In the collection of data, the Department is investing in FAFSA—Free Application for Federal Student Aid—enhancements to improve program accuracy and integrity of data by improving data fields to get more complete financial information and to better identify potential discrepancies.

In the fiscal year 2014 budget request, the Department requested \$9 million to upgrade the National Student Loan Data System (NSLDS). The NSLDS is used to calculate cohort default rates. These upgrades will be data enhancements, system integration, and data quality. These improvements may include the creation of data linkages that facilitate a better understanding of borrowers with multiple loans and conducting more rigorous data quality checks. Moreover, NSLDS will become the main system for enrollment reporting on certain loan and grant recipients. Schools are required to confirm and report to the Secretary the enrollment status of attending students who receive Direct Federal Loans and Teacher Education Assistance for College and Higher Education (TEACH) Grants. A student's enrollment status determines deferment eligibility, grace periods, and repayment schedules, as well as the Government's payment of interest subsidies.

Additionally, FSA has established a Data Governance Board to address the critical need to create a strong governance process around data and data-related requirements. The primary goals of the Board are to develop and implement a strong data governance policy that fosters strong data management practices across the or-

ganization. The board also identifies data needs and concerns and develops integrated solutions. Lastly, the Board looks to understand, document, and improve on the ways FSA uses, stores, accesses, and protects its data.

#### GAINFUL EMPLOYMENT REGULATION AND HIGHER EDUCATION ACT REAUTHORIZATION

*Question.* The Department recently announced their intention to begin rulemaking on postsecondary education. Included in the list of agenda items was the controversial gainful employment regulation. Given the House of Representative's vote to defund the implementation of the gainful employment regulation, the District Court for the District of Columbia's decision to vacate the bulk of the gainful employment regulation, and many concerns from the higher education community, why is the Department pursuing regulation when the Congress is scheduled to reauthorize the Higher Education Act when it expires at the end of 2013?

*Answer.* Although Congress is scheduled to reauthorize the Higher Education Act (HEA) when it expires at the end of 2013, the Department remains accountable at all times for using the tools available to it, including rulemaking, in those instances in which it identifies opportunities existing under current law for significantly improving the administration of the Title IV programs for the benefit of students and taxpayers. Gainful employment presents opportunities of that nature. We note that although the court found that we had not adequately explained one of the eligibility thresholds in our gainful employment regulations, and that that threshold was too intertwined with certain other provisions to permit those related provisions to stand, the court explicitly supported the Department's authority to regulate in this area.

We believe that the Department can put new regulations in place to provide significant benefits to students and taxpayers on gainful employment, while the HEA reauthorization is underway. The interactions with the higher education community through an engaged series of discussions and negotiations on gainful employment, as well as a range of other issues, will inform the rulemaking process. The comment and testimony we gather at these hearings will inform the regulatory agenda for the negotiated rulemaking committee that we plan to convene this fall. The negotiated rulemaking process gives students, institutions, and other interested parties an opportunity to work together to improve the existing regulations that implement the HEA.

#### INSTITUTIONAL MANAGEMENT OF FEDERAL STUDENT AID FUNDS

*Question.* Can you please explain in greater detail the need to examine and enhance regulations on how institutions invest and manage Federal student aid funds, and what the Department means by "other issues on this topic" in the latest announcement regarding the upcoming negotiated rulemaking sessions?

*Answer.* In regard to "other issues on this topic," the Department is considering developing regulations governing how an institution may use or invest Title IV Federal Student Aid program funds held in its Federal or operating accounts or, if the institution transfers the funds to a third-party servicer to make disbursements to students, how those funds are managed by the provider.

#### QUESTIONS SUBMITTED BY SENATOR JOHN BOOZMAN

##### MCNAIR POSTBACCALAUREATE ACHIEVEMENT PROGRAM AT ARKANSAS STATE UNIVERSITY

*Question.* As you know, the McNair program was enacted by Congress in 1987 and added as one of the Federal TRIO programs. Arkansas State University (ASU) has participated in this program for a number of years to prepare disadvantaged students to pursue post-graduate studies. ASU first received McNair funding from 2003 to 2007. In 2007, programmatic funding was not renewed and apparently ASU lost points on their application score because they were a relatively new program. In 2009 ASU received McNair funding again, but has now been told once more that programmatic funding will not be renewed.

ASU is located in the Arkansas Delta region, which is one of the most economically challenged areas in the country. The university has a 20 percent minority enrollment, and between 30–38 percent of students are the first generation in their families to attend college in any given school year. It is difficult to get a good program up and running when funding is cut off every couple of years. Given the population that ASU serves, and its strategic location in the Delta Region, can I have your commitment to build on what has already been accomplished at ASU to get a consistent, long-term McNair program established?

Answer. Under the McNair Program, the Department awards grants on a competitive basis. The Department conducted a competition for new McNair awards in fiscal year 2012. ASU submitted an application in that competition and it was evaluated and scored by non-Federal reviewers. However, ASU's application did not score high enough in the competition to be funded. In September 2012, ASU received its final non-competitive continuation award from the grant the Department initially awarded to ASU in fiscal year 2009 and is currently implementing the final year of the project.

#### FEDERAL STUDENT AID SUPPORT AND STATE SUPPORT FOR HIGHER EDUCATION

*Question.* Most colleges and universities have seen their overall State aid per student steadily decline during the last several years. I recognize that the Department cannot control how much and by what measure States appropriate their State funding to colleges and universities. What policies is the Department of Education advocating that will not adversely affect college and university standings for administering campus-based Federal financial aid, while they are seeing their costs rise and State funding, flat or declining?

Answer. The administration has made affordability and quality in postsecondary education a priority in this year's President's budget. Because we share this responsibility to educate students, we encourage institutions to show the same commitment. Through our campus-based aid proposal, those institutions that have this commitment and are able to engage in innovation to this end—such as by getting students, particularly those from low-incomes into their institutions, through to graduation and into careers—will be rewarded for their success. It is important the Federal Government maintains its investment in students, but it does not make sense to keep investing in those institutions that continually fail students.

Reductions in State appropriations must not reduce the ability of any student, especially a low-income student, to afford to attend higher education. That is why the administration has also found savings through reforms to student aid programs to use to keep the Pell grant program fully funded—and allow needy students to continue to receive the full award for which they are eligible. The budget also proposes to provide additional funds to an increased number of borrowers and institutions through the expanded and reformed Perkins Loan program. Currently serving 1,700 institutions, the new program is anticipated to expand to serve nearly 4,400, and provide \$8.5 billion in loan volume to borrowers annually.

Finally, because ensuring affordability and quality is a shared responsibility, we also support a \$1 billion Race to the Top: College Affordability and Completion competition that would provide supplemental higher education funding to States. In exchange for funding, States would need to commit to reforms in areas such as: (1) sustaining fiscal support for higher education while modernizing funding policies to constrain costs and improve outcomes, (2) removing barriers preventing the creation of innovative methods of student learning and new degree pathways, (3) empowering consumer choice through increased transparency, and (4) smoothing transitions into college and between institutions of higher education.

#### SCHOOL PERFORMANCE ASSESSMENTS—4-YEAR GRADUATION RATE

*Question.* I have heard several concerns from Arkansas high schools that 4-year graduation rates are a metric by which they are being measured and given improvement guidance from the Department. This metric does not seem to incorporate the possibility that many school districts, particularly low-income school districts, have students that need longer than 4 years to graduate high school (sometimes just an additional semester). Are students graduating after the 4-year mark being calculated in that school's performance assessment/"report card" and, if not, why not?

Answer. The Department strongly believes that 4-year graduation rates are a central component of systems to hold schools accountable for improving academic achievement and outcomes for all students. Under the Department's 2008 regulations for Title I of the Elementary and Secondary Education Act (ESEA), all States must calculate and report on State and local report cards, in the aggregate and for different subgroups of students, a 4-year adjusted cohort graduation rate. Further, all States—including States like Arkansas that have been approved for ESEA flexibility—must use those rates meaningfully in identifying schools for interventions and support.

While all States must report on and use 4-year graduation rates, States may also report and use an extended-year adjusted cohort graduation rate, such as a 5-year or 6-year rate, in addition to a 4-year rate, thereby allowing local educational agencies and schools to receive credit for successfully graduating students who for various reasons might need more time to graduate with a regular high school diploma.

## HIGHER EDUCATION PREPAREDNESS—ENHANCING MATH AND WRITING SKILLS

*Question.* At Northwest Arkansas Community College in Bentonville, 74 percent of first-time students in the fall of 2012 were not ready for college level math. Of this same cohort of students, 34 percent were not ready for college level writing. This placement data has not varied significantly for several years while No Child Left Behind mandates to our K–12 schools have been in place for many years. What incentives or disincentives is the Department advocating for K–12 schools, so that colleges and universities do not have to continue spending such a high percentage of their precious funding to “re-educate” students who are not ready?

*Answer.* Virtually all of this administration’s core elementary and secondary education reform initiatives are aimed at addressing your well-founded concern that we currently are not preparing secondary students for the challenges of college and careers. It also is important to point out that in focusing on college- and career-readiness, we actually are following the lead of States, nearly all of which are currently implementing common core State standards specifically designed to help ensure that all graduating high school students are prepared to do college-level work without remediation. Through the Race to the Top program, for example, we have worked with Congress to provide more than \$6 billion in competitive awards to States and school districts that provide an incentive to put in place next generation accountability systems and related supports that are based on college- and career-ready standards. We also have offered ESEA Flexibility to States working to successfully implement college- and career-ready standards and aligned assessments, and nearly 40 States have taken us up on that offer. Finally, our ESEA reauthorization proposal would require the adoption and implementation of college- and career-ready standards as the linchpin of State education accountability systems.

## SUBCOMMITTEE RECESS

Senator HARKIN. Before I adjourn, an announcement just came over. I don’t know why we didn’t hear it. We are to avoid the first and third floors of the Hart Building, including the atrium. I don’t know anything more than that. So avoid the first and third floors of Hart, including the atrium.

With that, thank you all very much. The committee will stand adjourned. Thank you, Mr. Secretary.

Secretary DUNCAN. Thank you for your leadership.

[Whereupon, at 11:52 a.m., Wednesday, April 17, the subcommittee was recessed, to reconvene at 10 a.m., Wednesday, April 24.]